

Public Safety Interoperable Communications Grant Program

Program Management Handbook

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**NATIONAL TELECOMMUNICATIONS AND
INFORMATION ADMINISTRATION
U.S. DEPARTMENT OF COMMERCE**



**FEDERAL EMERGENCY MANAGEMENT AGENCY
GRANT PROGRAMS DIRECTORATE
U.S. DEPARTMENT OF HOMELAND SECURITY**

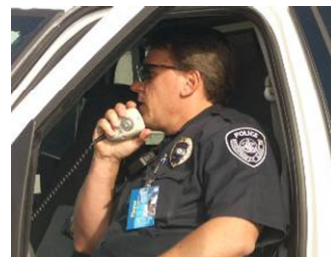


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Introduction

The Department of Commerce (DoC) National Telecommunications and Information Administration (NTIA) and the Department of Homeland Security (DHS) Federal Emergency Management Agency (FEMA) are implementing a \$1 billion grant program to assist public safety agencies in enhancing communications interoperability nationwide. These Public Safety Interoperable Communications (PSIC) grants were awarded in September 2007 to the 56 States and Territories.

Each State and Territory State Administrative Agency (SAA) is responsible for the management and administration of all funds awarded through the program. The SAA is responsible for meeting all deadlines, requirements, and limitations of this award, and for monitoring grant activities to ensure that funds are expended in compliance with PSIC requirements.

It is critical that the SAA understand all elements of this Federal grant, including Federal restrictions and program requirements, financial management and compliance requirements, and reporting and audit requirements. With a thorough understanding of potential roadblocks, the SAA can anticipate and mitigate challenges, as well as prepare and educate subgrantees in order to expend all awarded funds before the statutory deadline.

The PSIC Grant Program Management office developed this handbook to document clarifications that have been made since the PSIC Grant Guidance and Application Kit was released on August 16, 2007. This handbook acts as a baseline of the program and includes statutory and programmatic updates. Specifically, this handbook provides an overview of SAA responsibilities, grants management best practices, and a step-by-step approach for managing PSIC grant funds. Each step of the grants management process provides guidance, resources, tools, and best practices to help the SAA ensure compliance with program requirements and effectively manage PSIC grant funds. Any questions or comments on this handbook can be directed to the PSIC Grant Program Management office at psic@dhs.gov.

Overview of SAA Responsibilities

The State Administrative Agency (SAA) is the sole eligible applicant for PSIC grant funds and the entity to which PSIC funds are awarded. The SAA has overall responsibility for ensuring that Investments are implemented as approved and administered in compliance with PSIC program requirements.

Below is a list of responsibilities that the SAA should review and incorporate in the administration of its PSIC grant. Each item includes a reference to the requirement documented in the PSIC Grant Program Guidance and Application Kit (PSIC Grant Guidance).

- ✓ **Managing PSIC grant funds.** The SAA is responsible for the management and administration of all funds provided through this award and is accountable for all deadlines, requirements, and limitations of this award including the statutory deadline of September 30, 2010 (PSIC Grant Guidance, page 11).
- ✓ **Passing through PSIC funds.** The SAA manages the pass-through of PSIC funds to local or tribal governments or authorized non-governmental organizations. If a Memorandum of Understanding (MOU) is in place, which allows the SAA to retain funds on behalf of local or tribal governments or authorized non-governmental organizations, the SAA is responsible for keeping a final, executable copy of the MOU on file (PSIC Grant Guidance, pages 12-13).
- ✓ **Tracking match on PSIC grant funds.** The PSIC Grant Program requires a 20 percent non-Federal match on Acquisition, Deployment, and Management and Administration (M&A) funds. The SAA is required to track and report the 20 percent match requirement for each affected Investment and for any matching funds provided at the State level (PSIC Grant Guidance, page 11).
- ✓ **Monitoring PSIC activities to ensure compliance.** The SAA is responsible for monitoring award activities to provide reasonable assurance that the PSIC award is administered in compliance with financial and programmatic requirements (including Standard Forms and Assurances that the SAA signed in the PSIC Application submitted on August 22, 2007). The SAA is responsible for tracking stated goals and milestones of funded projects, accounting for receipts and expenditures, cash management, budgetary control, maintaining adequate financial records, and refunding disallowed expenditures (PSIC Grant Guidance, page 35).
- ✓ **Keeping files on PSIC grant funds.** Grantees and subgrantees will be monitored by DoC NTIA and DHS FEMA program staff, both financially and programmatically, to ensure that project goals, performance, timelines, milestones, budgets, and other requirements are met. The SAA is required to maintain documentation and files to enable sufficient oversight by Federal representatives (PSIC Grant Guidance, page 35).
- ✓ **Achieving program results.** The SAA is responsible for collecting and reporting on performance information for the PSIC program. Recipients were required in the Investment Justification (IJ) to define specific outcomes that will indicate that a given Investment is effective in meeting program goals (PSIC Grant Guidance, pages 27 and 34).

Grants Management Best Practices

Grants management best practices are provided below to help the SAA achieve successful implementation of interoperable communications Investments, as well as timely and permissible expenditure of PSIC grant funds.

- ✓ **Review the PSIC Award and Special Conditions document.** Grantees should review the award and special conditions to understand the grant agreement and any restrictions. A thorough review may prevent compliance issues in the future and help the SAA identify specific areas of concern.
- ✓ **Understand essential terms and conditions of the grant.** It is the responsibility of grantees to fully understand and comply with essential terms and conditions of the grant. Failure to comply may result in the withholding of funds, termination of the award, or other sanctions. Grantees should review the PSIC Grant Guidance, the PSIC Application that was submitted on August 22, 2007, as well as the Standard Forms and Assurances that were signed and submitted with the Application. Standard Forms are summarized starting on page 9 of this handbook.
- ✓ **Understand the statutory and programmatic requirements of the PSIC Grant Program.** The SAA is responsible for reviewing the PSIC Grant Guidance to fully understand and comply with the requirements of the PSIC Grant Program. PSIC program requirements and limitations are reviewed starting on page 21 of this handbook.
- ✓ **Read and understand Federal guidance on financial management of grant funds.** Grantees are reminded to review the relevant Office of Management and Budget (OMB) Circulars and Code of Federal Regulations (CFR) to ensure compliance with Federal financial management of grants. An explanation of applicable OMB Circulars and corresponding CFR codes are provided on page 5 of this handbook.
- ✓ **Establish financial and administrative systems to monitor grant activities and document use of funds including matching funds with a financial officer and/or an auditor.** The Financial Capacity Checklist on page 14 of this handbook includes features of financial systems that must be in place to ensure the proper administration of grant funds. The SAA can use this checklist to examine its own financial management processes and those of subgrantees, and should work with a financial officer and an auditor.
- ✓ **Establish a Grant File to collect documentation for purposes of audit.** A list of items to include in the Grant File is listed on page 62 of this handbook. A Grant File will ensure PSIC documentation can be found in one location and will simplify the audit process.
- ✓ **Understand reporting requirements.** Grantees are required to file financial reports for PSIC. A checklist of grant reports required and their deadlines for PSIC are provided on page 49 of this handbook. If reports are delinquent, fund draw downs may be withheld.
- ✓ **Understand performance measures and PSIC program goals.** Understanding performance measures and program goals at the outset provides a means to track progress and to focus on scope.
- ✓ **Understand audit requirements.** Grantees should work with a financial officer or an auditor to understand and comply with the audit requirements of this program. Best practices encourage the development of processes that require recipients to document financial and program activities throughout the grant period that will provide evidence of compliance if an audit occurs.

Managing the PSIC Grant

The SAA has overall responsibility for ensuring that Investments are implemented as approved and funds are administered in compliance with program requirements. This section provides a step-by-step approach to understanding terms and conditions, and offers tools and tips to ensure compliance.

Step 1: Understand Terms and Conditions of the Grant

It is the responsibility of the SAA, as the grantee, to fully understand and comply with the essential terms and conditions of the grant. Understanding the terms and conditions will help the grantee establish a framework for managing the grant and develop a process to ensure compliance of grant funds and activities. To understand terms and conditions, grantees should review multiple documents, including:

- PSIC Application submitted on August 22, 2007 (including the Standard Forms and Assurances that were signed and submitted with that Application);
- PSIC Award and Special Conditions;
- PSIC Guidance and Application Kit; and
- Approved IJ.

Reviewing the approved IJ helps the SAA to understand the approved Investments, the scope of work funded through the grant, grantee and subgrantee roles and responsibilities, budgets and financial commitments, milestones, potential compliance and reporting issues, Investment objectives, and outcome measures.

Many States and Territories submitted IJs that were not approved in the first round of review. States and Territories were required to address deficiencies that were identified during the review process and to resubmit IJs for approval or to submit clarifications. It is critical that the SAA understand the terms and conditions of the approved IJ and any changes to Investments within the IJ. The SAA should keep a record of the resubmission(s) including deficiencies that were raised and resolved.

Grantees should also review the Special Conditions and understand how those conditions affect the management and administration of the grant. Grantees should ensure that there is documentation to demonstrate that special conditions were met.

Best Practice

Establish a Grant File to manage grant documents and to ensure compliance with programmatic, financial, reporting, and audit requirements. A sample Grant File Checklist is provided on page 62.

Step 2: Understand Federal Regulations

General Federal Regulations

To ensure the proper implementation of grant funds, grantees and program managers should become familiar with Federal regulations that govern all Federal grants. There are three sets of regulations:

- Administration of Federal grant funds (e.g., OMB Circulars);
- Allowable costs and cost principles for determining allowable costs (e.g., CFRs); and
- Audit requirements.

Administration of Federal Grant Funds. On March 12, 1987, Federal agencies were directed to adopt common rules for Federal grants management to ensure consistency in the way that Federal grants are managed. These common rules are uniform terms and conditions that Federal agencies have adopted to ensure consistency in the management of Federal grants. The common rules for State and local governments were previously contained in **OMB Circular A-102, *Grants and Cooperative Agreements with State and Local Governments***. They have been formally adopted by each agency and codified at Title 15 CFR Part 24 for the DoC and 44 CFR Part 13 for FEMA. These regulations were issued to ensure consistency in Federal grants management and thus contain the same information. For the purposes of this handbook, the FEMA regulation (44 CFR Part 13) will be used, with the knowledge that DoC code at 15 CFR Part 24 contains the same information. Grantees should also reference the PSIC Grant Guidance for information on the administration of Federal Grant Funds.

- FEMA – 44 CFR Part 13: http://www.access.gpo.gov/nara/cfr/waisidx_07/44cfr13_07.html
- DoC – 15 CFR Part 24: http://www.access.gpo.gov/nara/cfr/waisidx_04/15cfr24_04.html
- PSIC Grant Guidance: http://www.ntia.doc.gov/psic/PSICguidance_081607.pdf

Allowable Costs. Allowable costs and cost principles are located in **2 CFR Part 225, *Cost Principles for State, Local, and Indian Tribal Governments***. 2 CFR Part 225 establishes principles and standards to provide a uniform approach to determining allowable costs for Federal grants. The information currently contained in 2 CFR Part 225 was previously located in **OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments***. This Circular was codified at 2 CFR Part 225 as part of an initiative to provide a central location for Federal government policies on grants and other financial assistance and non-procurement agreements. For the purposes of this program, grantees will be referred to 2 CFR Part 225 and to the PSIC Allowable Cost Matrix. Additional questions regarding allowable costs can be directed to the FEMA Program Analyst or psic@dhs.gov.

- 2 CFR Part 225: http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&tpl=/ecfrbrowse/Title02/2cfr225_main_02.tpl
- PSIC Allowable Cost Matrix: <http://www.ntia.doc.gov/psic/CostMatrix.pdf>

Audit. For the purposes of audit, **OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations**, should be used to guide grantees in audit requirements. In addition, grantees are directed to the **OMB Circular A-133, Compliance Supplement** (March 2008) for PSIC-specific audit information for State and independent auditors.

- OMB Circular A-133: <http://www.whitehouse.gov/omb/circulars/a133/a133.aspx>
- OMB Circular A-133 Compliance Supplement (March 2008):
http://www.whitehouse.gov/omb/circulars/a133_compliance/08/doc.pdf

Federal Restrictions on Funds

All Federal grants are subject to certain restrictions defined by law and applicable to all Federal grant programs. As part of the preliminary PSIC Application submitted on August 22, 2007, grantees were required to sign and submit several Standard Forms and Assurances that govern and guide the use of Federal grant funds. These Standard Forms hold grantees to the following commitments, including:

Tools
Tool 1 : Standard Forms and Assurances Checklist
Tool 2 : Financial Capacity Checklist

- ✓ **Grantee agreed to comply with the terms and conditions of the PSIC Grant Program.** The SF 424 was submitted with the PSIC Application on August 22, 2007. The SF 424 requires the grantee to comply with the terms of the grant.
- ✓ **Grantee certified that financial management systems are in place.** In SF 424B, the grantee certified that it has the legal, financial, and managerial capacity to manage grant funds. Financial systems must be in place to comply with this Federal requirement and to manage this Federal grant.
- ✓ **Grantee agreed to use Federal grant funds for the purposes that were proposed.** In SF 424B, the grantee certified that it will use grant funding and match funding for the purposes that were proposed and approved. The grantee also certified that it will complete its activities in a timely manner; the period of performance for the PSIC Grant Program ends on September 30, 2010, as required by law.¹
- ✓ **Grantee cannot commingle Federal funding sources.** PSIC funds and matching funds must not be commingled with funds from any other Federal grant program. Per 2 CFR Part 225, *Cost Principles for State, Local, and Indian Tribal Governments*, grant funds may not be included as a cost or used to meet matching requirements of any other Federal award in the current or prior period. The accounting systems of all grantees and subgrantees must ensure that agency funds are not commingled with funds from other awards or Federal agencies. Each award must be accounted for separately.

¹ Deficit Reduction Act of 2005 (Pub. L. No. 109-171).

- ✓ **Grantee certified that it will grant access to the awarding agency and the Comptroller General of the United States to all documents related to the grant.** Grantees should establish a system to keep all records, books, papers, and documents related to the grant. This provision provides the awarding agency and the Comptroller General of the United States access to grant records and files for the purposes of financial and program compliance monitoring and audit purposes.
- ✓ **Grantee certified it would not use Federal grant funds to supplant, or to replace, other funds.** PSIC grant funds cannot be used to supplant, or to replace, any other funds that have been budgeted or funded for the same purpose. The Non-Supplanting Certification signed and submitted with the PSIC Application affirms that the SAA will use PSIC funds to supplement existing funds and will not supplant, or replace, funds that have been budgeted or funded for the same purpose. Potential supplanting will be monitored throughout the grant period of performance. Grantees may be required to supply documentation certifying that a reduction in non-Federal, non-matching resources occurred for reasons other than the receipt or expected receipt of Federal funds.
- ✓ **Grantee agreed to comply with Federal procurement requirements.** The SAA should follow the same policies and procedures it uses for procurement from its non-Federal funds and should include any clauses required by the Federal government. The following are key procurement tenets when using Federal funds:
 - All procurement transactions should be conducted to ensure open and free competition;
 - The SAA and subgrantees should avoid non-competitive practices (e.g., contractors that developed the specifications for a project should be excluded from bidding); and
 - Grantee may not supplant, or replace, non-Federal funds that are already budgeted or funded for a project.
- ✓ **Funds must be placed in an interest bearing account.** Funds must be placed in an interest bearing account and are subject to rules outlined in FEMA regulations, 44 CFR Part 13, *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*. These guidelines state that grantees and subgrantees are required to promptly, and at least quarterly, remit interest earned on advances. The guidelines also stipulate that grantees or subgrantees may keep interest amounts up to \$100 per year for administrative expenses for all Federal grants combined. Interest earned on advances should be remitted to:

FEMA
 P.O. Box 70941
 Charlotte, NC 28271-0941

- ✓ ***Funds are subject to the Cash Management Improvement Act.*** PSIC grantees may elect to draw down funds up to 30 days prior to expenditure or disbursement; however, grantees should draw down funds as close to expenditure as possible to comply with the Cash Management Improvement Act (CMIA). CMIA requires that programs remain interest-neutral (i.e., no interest will be gained or lost by either Federal or State governments as a result of a Federal grant program). Interest is due to the State if it must use its own funds for program purposes (because the Federal government has not released funding). Interest is due to the Federal government if the State has held grant funds in an interest-bearing account prior to disbursement for program purposes, and has accrued interest as a result of this action.

Tool 1.A: Standard Forms and Assurances Checklist

Grantees should use this checklist to fully understand Federal restrictions on funds. Grantees should share these policies with all recipients, grant management staff, financial staff, and personnel offices to ensure consistency and compliance in the management of the PSIC grant. Grantees should keep on file any and all documentation that demonstrates Standard Assurances have been met.

Standard Assurances	Content	Grantee Responsibility Documentation Recommended	Completed
SF 424, Application for Federal Assistance	This form was submitted with the preliminary PSIC application on August 22, 2007. It is an application for Federal funding and provides information on the applicant (point of contact) and the project (funding request and description). The SF 424 binds you to the terms and conditions as defined in the PSIC Program Guidance and Application Kit.	Keeps a copy of the entire Application (see PSIC Grant Guidance, page 14), including SF 424, in the Grant File with the IJ.	
SF 424A, Budget Information	This form was submitted with the preliminary PSIC application on August 22, 2007. It provides preliminary budget information, including the Federal share requested and other funding provided for the purposes of the grant.	Keep a copy of entire Application, including SF 424A in the Grant File with the Investment Justification. For any non-Federal funds, including match, keep commitment letters or other financial documents verifying the source and amount of that funding in the Audit File.	
SF 424B, Assurances	This form was submitted with the preliminary PSIC application on August 22, 2007. It includes a set of Standard Assurances that to which Federal grantees signed as an agreement to comply. Provisions are included below:	Keep a copy of entire Application, including SF 424B in the Grant File with the IJ.	
	Grantee certifies that it has the legal, financial, and managerial capacity to manage the funds. For most Grantees, systems for managing Federal grants are already in place. Grantees can refer to OMB Circular 102 Subpart C – Post Award Requirements: <i>Financial and Program Management</i> , which prescribes standards for financial and program management. Grantees can use this resource to check that financial and program management standards are in place. See http://www.whitehouse.gov/omb/assets/omb/circulars/a102/a102.pdf .	Grantees should read the provisions in SF 424B and OMB Circular 102 (Subpart C – Post Award Requirements: <i>Financial and Program Management</i>), which prescribe standards for financial management, methods for making payments, rules for satisfying cost requirements, matching requirements, audit requirements, and processes for requesting budget revisions.	
	Grantee certifies that it will give access to the agency and the Comptroller General to all documents related to the grant.	Grantees should maintain accurate grant documents and files as requirement of Federal grant programs.	
	Grantee certifies that it has standards in place to prevent a conflict of interest in the management of Federal funds.	Grantee should document compliance requirement by including a written Conflict of Interest Policy in the Grant File.	

Standard Assurances	Content	Grantee Responsibility Documentation Recommended	Completed
SF 424B, Assurances	Grantee certifies that it will initiate and complete the work in a timely manner and will spend the funds, including match funds as proposed in the application and in accordance with the program requirements.	The grantee should note that it has agreed to spend the funds on time and as proposed in the application.	
	Grantee certifies that it has a merit pay system in place.	Grantee should adhere to a merit pay system for all employees supported by the grant. Reference to a written merit pay policy will satisfy the requirements of this certification.	
	Grantee certifies that it will comply with all Federal statutes relating to non-discrimination.	Grantees should review SF 424B (6) for a listing of all applicable non-discrimination laws, see http://www.acf.hhs.gov/programs/ofs/grants/sf424b.pdf .	
	Grantee certifies that it will comply with the Hatch Act, which prohibits employees funded by the grant from engaging in political activities.	Grantee should review the following site http://www.osc.gov/ha_State.htm to ensure compliance with the Hatch Act, which prohibits employees funded by a Federal grant from engaging in certain political activities.	
	Grantee certifies that it will comply with Federal fair labor standards (Davis-Bacon Act).	For Federally-funded construction projects (which include some PSIC projects), grantees must comply with Federal fair labor standards. For more information, see the Department of Labor's compliance page for Davis-Bacon http://www.dol.gov/compliance/laws/comp-dbra.htm .	
	Grantee certifies that construction projects located in national flood zones and exceeding \$10,000 are covered by the National Flood Insurance Program (NFIP).	For more information see the FEMA website http://www.fema.gov/about/programs/nfip/index.shtml .	
	Grantee certifies that Federal environmental standards will be met including the National Environmental Policy Act (NEPA).	The PSIC Grant Program has in place an environmental review process to assist grantees with environmental compliance issues. For projects subject to environmental review, documentation on the review process and findings should be kept in the Grant File maintained by the SAA.	

Standard Assurances	Content	Grantee Responsibility Documentation Recommended	Completed
SF 424D, Assurances for Construction Projects	This form was submitted with the preliminary PSIC application on August 22, 2007. It includes a set of Standard Assurances that apply to construction projects, which Federal grantees signed as an agreement to comply. Provisions are included below:	Grantees should keep a copy of the entire Application, including SF 424D in the Grant File with the IJ.	
	Grantee certifies that it has the legal, financial, and managerial capacity to manage the funds. For most Grantees, systems for managing Federal grants are already in place. Grantees can refer to OMB Circular 102 Subpart C – Post Award Requirements: <i>Financial and Program Management</i> , which prescribes standards for financial and program management. Grantees can use this resource to check that financial and program management standards are in place. See http://www.whitehouse.gov/omb/assets/omb/circulars/a102/a102.pdf .	Grantees should read the provisions in SF 424B and OMB Circular 102 (Subpart C – Post Award Requirements: Financial and Program Management), which prescribe standards for financial management, methods for making payments, rules for satisfying cost requirements, matching requirements, audit requirements, and processes for requesting budget revisions.	
	Grantee certifies that it will give access to the agency and the Comptroller General to all documents related to the grant.	Grantees should maintain accurate grant documents and files, which is a requirement of Federal grant programs.	
	Grantee certifies that it will not dispose of, modify the use of, or change the terms of real property title or other interest in the site without permission and instructions from the awarding agency. When property is acquired with Federal funds, the Federal interest in the site must be recorded in the title and a covenant of non-discrimination must be on file.	This provision requires the grantee to seek the approval of the awarding agency before any changes to the terms of real property occur.	
	Grantee certifies that it will comply with the Hatch Act, which prohibits employees funded by the grant from engaging in political activities.	Grantee should review the following site http://www.osc.gov/ha_State.htm to ensure compliance with the Hatch Act, which prohibits employees funded by a Federal grant from engaging in certain political activities.	
	Grantee certifies that it will comply with the construction standards and requirements of the awarding agency.	The grantee should seek the assistance of the awarding agency throughout the construction process to ensure compliance (PSIC Grant Guidance, page 39).	
	The grantee certifies that it will maintain competent engineering supervision at the construction site to ensure that the work conforms to the plans and specifications and will provide progress reports to the awarding agency as necessary.	Grantee should designate a project manager to oversee construction and to ensure the work conforms to the work plan and specifications.	

Standard Assurances	Content	Grantee Responsibility Documentation Recommended	Completed
SF 424D, Assurances for Construction Projects	Grantee certifies that it has standards in place to prevent a conflict of interest in the management of Federal funds.	Grantee can document compliance by including in the Grant File and the Audit File a written Conflict of Interest Policy.	
	Grantee certifies that it will initiate and complete the work in a timely manner and will spend the funds, including match funds, as proposed in the application and in accordance with the program requirements.	The Grantee should note that it has agreed to spend the funds on time and as proposed in the application.	
	Grantee certifies that it has a merit pay system in place.	Grantee should adhere to a merit pay system for all employees supported by the grant. Reference to a written merit pay policy will satisfy the requirements of this certification.	
	Grantee certifies that it will comply with Lead-Based Paint Poisoning Prevention Act, which prohibits the use of lead-based paint in residential projects.	PSIC does not fund residential construction or rehabilitation.	N/A
	Grantee certifies that it will comply with all Federal statutes relating to non-discrimination.	For a listing of all applicable non-discrimination laws, see SF 424B (6) at http://www.acf.hhs.gov/programs/ofs/grants/sf424b.pdf .	
	Grantee certifies that it will comply with Federal fair labor standards (Davis-Bacon Act).	For Federally-funded construction projects (which include some PSIC projects), Grantees must comply with Federal fair labor standards. For more information, see the Department of Labor's compliance page for Davis-Bacon http://www.dol.gov/compliance/laws/comp-dbra.htm .	
	Grantee certifies that construction projects located in national flood zones and exceeding \$10,000 are covered by the National Flood Insurance Program (NFIP).	For more information see the FEMA website http://www.fema.gov/about/programs/nfip/index.shtml .	
	Grantee certifies that Federal environmental standards will be met including NEPA.	The PSIC Grant Program has in place an environmental review process to assist grantees with environmental compliance issues. For projects subject to environmental review, documentation on the review process and findings should be kept in the Grant File maintained by the SAA.	

Tool 1.B: Standard Forms and Assurances Checklist – Other Forms

Standard Assurances	Content	Grantee Responsibility Documentation Recommended	Completed
Standard Form LLL	Grantee discloses each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress.	This form was signed as part of the preliminary PSIC application. Grantees agreed to inform the awarding agency of any payments made to lobbying firms or entities. A copy of the signed form should be kept on file.	
Certification Regarding Debarment, Suspension and Other Responsibility Matters	Grantee certifies that it is not presently debarred, suspended, or proposed for debarment or suspension from doing business with the Federal government.	This form was signed as part of the preliminary PSIC application. A copy of the signed form should be kept on file.	
Non-Supplanting Certification	This certification affirms that these grant funds will be used to supplement existing funds and will not replace (supplant) funds that have been appropriated for the same purpose.	Applicants or subgrantees may be required to supply documentation certifying that a reduction in non-Federal, non-matching resources occurred for reasons other than the receipt or expected receipt of Federal funds.	

Best Practice

Include this checklist in the Grant File along with supporting documentation that can provide evidence of compliance with Federal restrictions (see page 56 for an explanation of the Grant File).

Tool 2: Financial Capacity Checklist

The Financial Capacity Checklist provides a series of criteria that, if completed, help to ensure that adequate financial management systems are in place. The SAA should review the criteria and indicate whether or not they have met the criteria. Include this checklist in the Grant File; see page 56 for an explanation of the Grant File.

Criteria	Complete
Establish and maintain accounting systems and financial records that accurately account for Federally funded award(s).	
Inform subgrantees of PSIC program financial requirements and how these requirements may impact the Project Manager's reporting to the SAA.	
Confirm that funds specifically received for one project are not being used to fund another project without prior written approval from the awarding agency.	
Ensure the proper accounting of subgrantees.	
Account for receipts and expenditures, cash management, maintenance of financial records, and refunding disallowed expenses.	
Understand the subgrantee's financial operations.	
Confirm that a detailed project budget for each project is on file with the SAA.	
Ensure subgrantees have met audit requirements.	
Verify that Federal grant monies are not being commingled (Federal funds must be accounted for separately and distinctly).	
Monitor the performance of the subgrantees (goals, milestones, objectives).	
Avoid conflicts of interest. Violations of conflict of interest standards may result in criminal, civil, or administrative penalties.	
Prohibit supplanting.	

Meeting National Environmental Policy Act Requirements

- ✓ **Grantee certified that Federal environmental standards will be met.** The PSIC Grant Program has in place an environmental review process to assist grantees with environmental compliance issues. It is critical that the grantee understand the requirements of NEPA and NEPA-related laws to ensure that the project does not have a negative environmental impact. For projects subject to environmental review, documentation on the review process and findings should be kept on file with the SAA and with the project manager for the affected Investment. Grantees are reminded that environmental compliance must occur before the expenditure of grant funds takes place.
- ✓ **Grantee certified that it will comply with construction standards and requirements of the awarding agency and that it will maintain competent engineering supervision at the construction site to ensure work conforms with the plans and specifications proposed.** PSIC grant funds may be used for interoperable communications infrastructure construction-based projects such as erecting communication towers or constructing equipment shelters. Grantees are reminded that for Federally funded construction projects, they must comply with Federal fair labor standards. Further, grantees receiving PSIC funds for renovation or construction costs are advised by NTIA to design projects to minimize adverse environmental impacts. Grantees are reminded that environmental compliance must occur before expenditure of grant funds takes place.
- ✓ **Grantee agreed to adhere to PSIC special conditions, including NEPA.** As delineated in the PSIC Grant Guidance, the States, Territories, and the District of Columbia (i.e., grantees and responsible parties of the PSIC infrastructure and actions) must comply with all applicable Federal, state, tribal, and local laws and regulations, including those set forth in NEPA. Under the NEPA special condition language in the PSIC award documents, the SAA must provide all information necessary to evaluate potential impacts of their projects to the environment, historic properties, threatened and endangered species, and other stakeholder concerns. Depending on specific Federal, state, tribal, and local laws and regulations, the required documentation and evaluation of projects are the responsibility of grantees, subgrantees, and ultimately the SAA.

Projects that involve infrastructure construction in environmentally sensitive areas (e.g., wetlands, parks, prime farmlands); deploying equipment that could affect protected species, habitats, and historic sites (e.g., mobile communications equipment and towers); or training exercises in locations that have not considered environmental and historic preservation impacts (e.g., placing cameras on historic properties to document exercises) may present issues and risks to the execution of the proposed project including stakeholder opposition and injunctive relief.

All Federal agencies are required to review the potential environmental impacts and consequences of their actions *before* they make a final decision on how to move ahead with that proposed action (including granting funds to others). Federal agencies are required to conduct environmental analyses with input from the state, tribal, and local governments, and other stakeholders.

- ✓ **Responsibilities of the SAA.** SAAs are responsible for receiving and assembling project-specific information from PSIC grantees, and forwarding this information to the DoC for environmental compliance reviews. The DoC determines whether NEPA requirements (including compliance with applicable Federal, State, tribal, and local environmental laws) have been met, records the results of its NEPA review, and informs the SAA.

To prepare for PSIC project NEPA compliance reviews, the DoC Office of General Counsel (OGC) developed a nationwide Programmatic Environmental Assessment (PEA) for the PSIC Grant Program. The PEA and Finding of No Significant Impact (FONSI) defined the types of projects that would have no environmental impact and therefore do not require further NEPA documentation. It also defined those project types that would require further analysis and study, such as an Environmental Assessment (EA) or Environmental Impact Statement (EIS). Currently, NTIA is conducting extensive outreach to the SAAs to collect detailed project descriptions regarding the State's Investments and associated individual projects and sub-projects to help facilitate the NEPA review process. Each project description will be analyzed to determine whether the proposed project is covered by the FONSI, or an EA or EIS would be required. See Table 1 for a list of the type of information that will be needed to evaluate projects.

Table 1: PSIC Project Information Needed for DoC NEPA Determination

PSIC Project Information	Regulatory Need/Driver
<p>Basic project information</p> <ul style="list-style-type: none"> • Name of project • Name of grant and grantee • Grant award number • Fiscal year • Overall purpose and scope of the project • Property owners • Estimated cost 	<p>Presents general descriptive information about the purpose and need for the project and the responsible party (e.g., action proponent/grant applicant).</p> <p>This information determines which agency should review the proposed project and who can be contacted for questions or additional information.</p>
<p>Project location data</p> <ul style="list-style-type: none"> • Address • County • Cross streets • Latitude • Longitude • Elevation • Parcel number • Federal Aviation Administration/Federal Communications Commission (FCC) numbers (for towers) 	<p>These data are used to determine jurisdiction of administering agencies and corresponding laws and regulations over the proposed project/action (e.g., whether Fish and Wildlife Service or National Marine Fisheries Service must be consulted for an action in, near, or potentially affecting wetlands, waterways, or water bodies, as defined by the Fish and Wildlife Coordination Act).</p> <p>Also used to inform abutters and other interested stakeholders.</p>
<p>Visual documentation</p> <ul style="list-style-type: none"> • Site/structure photographs • Plans/drawings that define the size and precise location of proposed work • U.S. Geological Survey topographic quad • Flood, wetlands, and land-use maps • Aerial photographs • Location/maps of manmade structures (e.g., roadways, residences, above/below ground utilities) 	<p>Needed to verify project location data and identify impacts or relationships to nearby properties/environments (e.g., assess whether Farmland Protection Policy Act applies and need for Farmland Conversion Form AD-1006).</p>

PSIC Project Information	Regulatory Need/Driver
<p>Description of the project</p> <ul style="list-style-type: none"> • Dimensions/acreage/square footage of structure and/or land affected with height and structural support information for all communication towers. • Extent and depth of ground disturbance for new construction and structure modification including trenching for utility lines, installation of fencing and light posts, tower footings and pads, etc. 	<p>Needed to determine project coordination, permit requirements, and approvals (e.g., for zoning variance).</p>
<p>Special elements of the project including:</p> <ul style="list-style-type: none"> • Special equipment that will be used, staging areas, access roads, easements, etc. • Extent of structural modification 	<p>Used to determine and assess construction-period impacts and mitigation (e.g., blasting while seasonally present listed endangered or threatened species are nearby).</p>
<p>Year that the affected building/structure was built (if applicable)</p>	<p>Used to determine compliance with National Historic Preservation Act and related laws and regulations.</p>
<p>Information about features, resources, and potential adverse impacts at or near the site, including:</p> <ul style="list-style-type: none"> • Water bodies (e.g., rivers, lakes, streams, wetlands) • Floodplains • Historic and cultural resources (e.g., historic districts, buildings, landscapes, bridges, piers, dams, archaeological sites). • Migratory birds • Threatened and endangered species and/or critical habitat • Vegetation, including general types of plants, trees, or lack thereof • Geologic features • Tribal, cultural, and religious sites • Special areas (forests, wildlife refuges, reserves, etc.) 	<p>Used to determine compliance with the following Federal laws and Executive Orders, as well as corresponding State and local laws and regulations.</p> <ul style="list-style-type: none"> • Clean Air Act • Clean Water Act – Section 404 (Wetlands) • Clean Water Act – Sections 313, 401 and 402 (Water Quality) • Coastal Zone Management Act • Comprehensive Environmental Response Compensation and Liability Act • Coastal Barrier Resources Act • Endangered Species Act • Executive Order 11988 (Floodplain Management) • Executive Order 11990 (Wetland Protection) • Executive Order 12898 (Environmental Justice) • Farmland Protection Policy Act • Fish and Wildlife Coordination Act • National Environmental Policy Act • National Historic Preservation Act • Resource Conservation and Recovery Act • Wild and Scenic Rivers Act
<p>Any recent or relevant studies, reports, or surveys that were prepared for other agencies or purposes and that provide information on environmental resources and/or historic properties in the project area.</p>	<p>Consulted to determine precedents set by similar projects and actions.</p>

- ✓ **NEPA Preparations.** Collection and assembly of project-specific environmental information in advance of the FONSI will expedite NEPA compliance determinations by the DoC. Figure 1 illustrates the NEPA compliance process for PSIC projects. The schematic depicts the NEPA approval process and identifies the party responsible for each activity. For example, the NEPA team will determine whether the given Investment project falls under the PEA and FONSI. If the answer is no, responsibility is with the grantee to develop an Environmental Assessment (EA) or an Environmental Impact Statement (EIS).

Grantees with projects that are likely to be included in the FONSI will be able to continue their planning and be ready for full project implementation as soon as they receive their NEPA determinations (after the FONSI is recorded in the Federal Register). Projects that are *not* expected to be included under the FONSI will require further data collection, analysis, and development of a project-level EA. The grantee should begin to develop its project-level EA (if needed) so that the grantee can resume planning and implementation of its projects as quickly as possible. The SAA should begin supporting NEPA compliance for the projects that are likely to be included in the FONSI, as well as those projects that will require a project-specific EA.

Tool 3: NEPA Checklist

The following checklist provides the SAA with a high-level overview of methods for supporting the PSIC NEPA process.

The SAA should take the following actions:

- ☐ Develop a complete list of all projects and sub-projects within each of the State's Investments noting their locations, the types and numbers of projects, whether there is any ground disturbance, and how large of an area will be disturbed.
- ☐ Work with the grantees to assimilate and to develop information needed to determine whether the Investments and sub-projects are covered by the PEA and FONSI.
- ☐ Support the review of grantee project information to determine if it is included in the PEA and FONSI and assist with any information follow-up activities.
- ☐ Maintain an inventory of the State Investments and any sub-projects and their status relative to NEPA review and OGC approval.
- ☐ Support grantees with projects that are not included in the PEA and FONSI by identifying reputable local firms that can conduct project-level EAs (this work can be done with support of State Environmental Management Agencies).

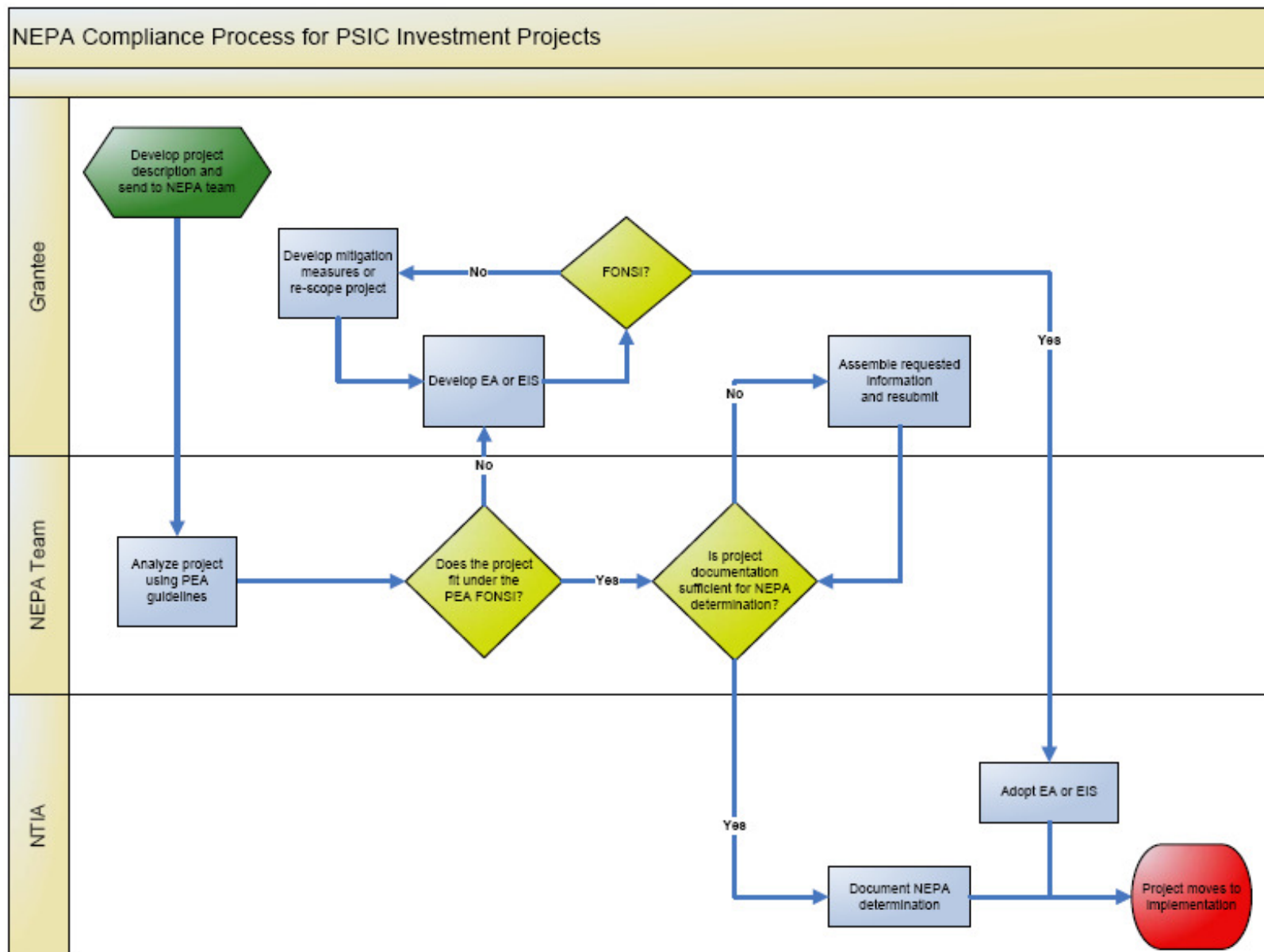


Figure 1. Schematic of the overall NEPA compliance process for PSIC projects.

Step 3: Understand PSIC Program Requirements and Restrictions

The Federal requirements were reviewed in Step 2: Understand Federal Restrictions. The second set of requirements discussed in Step 3 reflect the statutory and programmatic requirements that are specific to the PSIC Grant Program. These statutory and program requirements provide the parameters within which all PSIC projects and activities must operate and the terms and conditions to which all projects and activities must comply.

Goals, Priorities, and Funding Restrictions

Investments must advance the larger goals of the PSIC Grant Program

The SAA and subgrantees are responsible for ensuring that all PSIC projects serve the larger goals of the PSIC Grant Program, which are to:

- Achieve meaningful and measurable improvements in the state of interoperability for public safety communications; and,
- Fill interoperability gaps identified in Statewide Communication Interoperability Plans (SCIP).

Best Practice

If, in the course of the grant period of performance, an Investment changes in scope, the grantee should always consider the larger goals of the program and ask: Does this modified Investment achieve meaningful improvements in the state of interoperability for public safety communications? Does this Investment close critical gaps in the SCIP?

It is the role of the SAA to monitor progress toward achieving these goals and monitor changes to Investments to continually ensure that the larger goals of the program are considered and advanced. While all Investments were reviewed and approved (indicating that PSIC Grant Program goals were sufficiently addressed), the SAA needs to keep program goals in mind to ensure that grant funds are first and foremost advancing the larger goals of the program.

As part of the IJ process, grantees were required to address goals set forth in the originating legislation as well as goals set forth by NTIA. A summary of those goals is provided below:

Investments must advance the goals set forth in the originating legislation

Legislation² created the PSIC Grant Program to assist public safety agencies in the planning and coordination associated with acquisition of, deployment of, or training for the use of interoperable communications equipment, software, and systems that:

- Utilize reallocated public safety spectrum for radio communication;
- Enable interoperability with communication systems that can utilize reallocated public safety spectrum for communications; or
- Improve or advance the interoperability of public safety communications systems that utilize other public safety spectrum bands.

The SAA is responsible for ensuring that all projects align with PSIC Grant Program goals.

Tool

[Tool 4](#): Demonstrate Program Goals

² Section 3006 of the Deficit Reduction Act of 2005, Pub. L. No. 109-171, as amended by Section 2201 of Pub. L. No. 110-53.

Investments should incorporate PSIC Grant Program goals and priorities

While the NTIA did not require specific technology solutions, it identified priorities that States and Territories must consider when selecting projects for PSIC funding, including:

- Technology
 - Adopt advanced technological solutions
 - Improve spectrum efficiency
 - Use cost-effective measures
- All Hazards Mitigation
 - Improve communications in areas at high risk for natural disasters
 - Continue to improve interoperability efforts in urban and metropolitan areas at high risk for threats of terrorism
 - Pre-position or secure interoperable communications in advance for immediate deployment in an emergency or major disaster

Best Practice

Grantees should measure and document progress toward achieving identified goals. The grantee should read its IJ to understand its technology and all-hazards mitigation approach, to monitor and measure the progress of activities and Investments toward meeting these goals, and to document the impact of the Investment on interoperability gaps in the SCIP.

PSIC Investments must align to the SCIP

All PSIC Investments must align with the priorities and gaps defined in the State’s SCIP. The grantee was required in the IJ to demonstrate how each proposed Investment aligned with priorities and/or closed gaps identified in its SCIP. The SAA needs to ensure that the implementation (and any modification) of the Investment continues to align with its SCIP. The SAA should revisit “Section IV.A. Strategy – Statewide Communication Interoperability Plan Objectives” of its IJ and ensure that each project closes interoperable communications gaps identified in the SCIP.

Tool

[Tool 5](#): Ensure Project Alignment to SCIP

Best Practice

This requirement offers an excellent means to measure the impact of this grant program. By measuring gaps in interoperability before and after grant implementation, the SAA will have a critical indicator of PSIC program success and an effective measure of Investment impact.

Grantees must establish and implement Strategic Technology Reserves

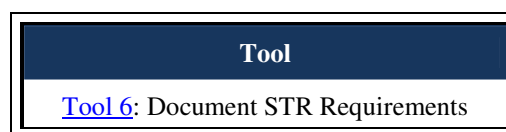
Pursuant to Section 2201 of Pub. L. No. 110-53 (Implementing Recommendations of the 9/11 Commission Act), State and Territories were required to establish and implement a Strategic Technology Reserve (STR) to pre-position or to secure in advance interoperable communications equipment for immediate deployment in an emergency situation or disaster. The legislation set aside \$75 million in PSIC grant funding for STR projects. Each State and Territory was allocated a presumptive funding amount proportionate to its total allocation under the PSIC Grant Program (see PSIC Grant Guidance, pages 7-8).

States and Territories were required to submit an Investment that included *at least the presumptive funding amount* to establish and to implement an STR. If a State or Territory could demonstrate that an STR was already in place or that there existed a higher priority project, the State or Territory could seek a waiver of the STR requirement by submitting a detailed explanation in writing to the NTIA. The NTIA approved nine full waivers and nine partial waivers.³ For grantees with full waivers, STR funding was allocated to other Investments in their portfolio. For grantees with a partial waiver, a portion of the STR funding was allocated to an STR Investment and remaining funds were allocated to other Investments in their portfolio.

It is important for the grantee to understand the STR Investment is a statutory requirement of the program and is subject to audit. The grantee should ensure that all STR documentation is in place to ensure compliance with PSIC program requirements.

Documentation should demonstrate that the STR is:

- Pre-positioned or secured in advance;
- Available for immediate deployment; and
- Able to re-establish communication.



Documentation should demonstrate that at least the presumptive funding level was spent for STR, unless there is a waiver in place that allowed for an adjustment to the allocation. If a waiver is in place, the grantee must have a copy of the written explanation and request for waiver and the new approved STR amount on file.

Modifications to STR Investments that result in a reduction of funding below the required funding level will not be allowed. STR funds not expended must be remitted by the grantee to NTIA, which will deobligate the funds and return them to the U.S. Department of Treasury.

Funding to Tier I Urban Areas Security Initiative

States with designated Tier I Urban Areas Security Initiative (UASI) jurisdictions were given presumptive funding levels for their Tier 1 UASIs and were expected to allocate that funding to Investments serving those areas. All States affected by this requirement were required to allocate at least the presumptive funding levels to their Tier 1 UASI.

If applicable, the SAA and its financial officer should monitor expenditures of Tier I UASI funding to ensure compliance with program requirements. Proposed changes to the funding levels of Tier 1 UASIs will not be accepted.

Activities eligible for funding under the PSIC Grant Program include:

- Statewide Planning
- M&A
- Acquisition
- Deployment
- Training
- Planning and Coordination

³ For a summary of State and Territory STR funding, see the PSIC *Implementing Communications Nationwide; Overview of Initial State and Territory Investments* (page 2, Figure B) at [http://www.ntia.doc.gov/psic/PSIC%20Investment%20Data%20Analysis%20\(report%20only\).pdf](http://www.ntia.doc.gov/psic/PSIC%20Investment%20Data%20Analysis%20(report%20only).pdf).

Activities that are not eligible for funding under the program include:

- Single Agency Projects: PSIC will *not* support projects whose emphasis is on the internal communications of a single agency. Investments must be multi-disciplinary and include multiple agencies.
- Single Jurisdiction: PSIC will *not* support projects that only serve a single jurisdiction. Investments must be multi-disciplinary and multi-jurisdictional.
- Projects that do not advance the goals of the PSIC program.

Tool 4: Demonstrate Program Goals Checklist

The SAA is required to demonstrate and to document that it is fulfilling the PSIC Grant Program goals for each approved Investment. The following checklist can be used for each Investment and kept on file to ensure that grantees are fulfilling programmatic grant requirements. Include this checklist in the Grant File; see page 56 for an explanation of the Grant File.

Program Goal Demonstrated in Project	PSIC Grant Guidance Page(s)	Complete As Applicable
<Insert Investment number and name>		
Assist public safety agencies in eligible areas: <ul style="list-style-type: none"> • Planning and Coordination • Acquisition • Deployment • Training 	2, 36-43	
Relate to interoperable communications equipment, software, and systems that: <ul style="list-style-type: none"> • Utilize reallocated public safety spectrum (764-776 MHz) for radio communication • Enable interoperability with systems that can utilize reallocated public safety spectrum for communication • Otherwise improve or advance the interoperability of public safety communications systems that utilize other public safety spectrum bands 	2-3,41-43 2 2 2	
Achieve meaningful and measurable improvements in the State of interoperability for public safety communications	2	
Fill interoperability gaps identified in the SCIP	1-2, 19-20, 25, 29	
Address technology priorities: <ul style="list-style-type: none"> • Adopt advanced technological solutions • Improve spectrum efficiency • Use cost-effective measures 	2-3, 41-43 2, 25 2, 25	
Address all-hazards priorities: <ul style="list-style-type: none"> • Improve communications in areas at high risk for natural disasters • Continue to improve interoperability efforts in urban and metropolitan areas at high risk for threats of terrorism • Pre-position of secure interoperable communications in advance for immediate deployment in an emergency or major disaster 	2, 26 2, 3-4 2, 3-4, 8	

Tool 5: Ensure Project Alignment to SCIP

As grantees implement their Investments, they must confirm that each project aligns with the goals and needs identified in their SCIPs. Grantees should identify measurements to show progress toward meeting those goals. This spreadsheet can assist grantees in concisely articulating how each Investment is aligned to the SCIP. Include this completed template in the Grant File; see page 56 for an explanation of the Grant File.

PSIC Investment		SCIP Alignment		
Number	Project Name	Demonstrated Need or Gap	Strategy/Activity to Fill Gap/Need	Measurement of Strategy/Activity

Tool 6: Document STR Requirements

To ensure that each STR requirement is met, grantees should record the solution proposed in the corresponding IJ as well as the activities actually implemented. Include this completed template and any supporting documentation in the Grant File; see page 56 for an explanation of the Grant File.

Requirement	Proposed in IJ	Actual Implementation
Equipment is pre-positioned or secured in advance		
Equipment is available for immediate deployment		
Equipment is able to re-establish communication		

Allowable and Disallowable Costs

Allowable Costs

Pursuant to the Deficit Reduction Act of 2005, as amended, the PSIC Grant Program covers planning and coordination, acquisition, deployment, and training for the use of interoperable communications systems that use or enable interoperability with communications systems that can use the reallocated public safety spectrum, or improve or advance the interoperability of public safety communication systems that utilize other public safety spectrum bands.

There are standard allowable costs that are associated with these eligible activities, which are closely aligned with DHS/FEMA grant programs. Grantees can review the PSIC Grant Guidance (pages 36-43) and the Allowable Cost Matrix for the PSIC Grant Program at <http://www.ntia.doc.gov/psic/CostMatrix.pdf> to fully understand allowable costs. For additional information, refer to 2 CFR Part 225, *Cost Principles for State, Local and Indian Tribal Governments*.

An extended [Allowable Cost Matrix](#) is available starting on page 29 of this handbook.

Disallowable Costs

Costs that are *disallowable* under the PSIC program include:

- The hiring of public safety officials to fulfill traditional public safety duties;
- Any activity that is already funded for the same purpose (supplanting);
- Operations and Maintenance (O&M) costs that supplant, or replace, existing O&M costs, including salaries and overtime for employees who do *not* directly contribute to the implementation of the project;
- Office expenses such as phones, vehicle costs, office supplies and equipment, and other indirect charges;
- Federal fees, including FCC licensing fees;
- M&A funds incurred by subgrantees; and
- Costs that are incurred outside the grant period of performance (October 1, 2007 to September 30, 2010).⁴

Responsibilities of Grantees

The SAA is responsible for:

- Understanding allowable costs under the program;
- Monitoring to ensure that all costs borne by Federal or non-Federal matching funds are allowable; and
- Repayment of any costs that are identified and disallowed.

It is critical that all grant recipients fully understand costs that are *allowable* under the program and costs that are *disallowable* under the program.

Best Practice

If there are any questions regarding allowable costs or whether a cost is allowable under the program, grantees should contact their FEMA Program Analyst or psic@dhs.gov for clarification before costs are incurred.

⁴ Except for Statewide Planning costs of pre-award activities that could be incurred from April 1, 2007 through December 3, 2007 with the submission of the SCIP.

Table 2: Allowable Costs

Statewide Planning

- Statewide Planning costs could be applied to the planning for Statewide Communication Interoperability Plan (SCIP) activities that were central to the PSIC Grant Program and to the incorporation of PSIC criteria into the SCIP.
- Per the PSIC Grant Guidance and Application Kit, up to five percent of the total State or Territory funds could be used.
- These costs must have been incurred during the period of April 1- December 3, 2007 with the submission of the SCIP.
- The 20 percent match requirement was not applicable to Statewide Planning expenses.

Statewide Planning Costs	Allowable
Developing and enhancing communications plans and protocols related to the four PSIC requirements/goals	Yes
Developing or conducting needs assessments to help identify interoperability gaps in public safety communications for the SCIP	Yes
Purchasing of material and meeting-related expenses, including travel costs specific to incorporating PSIC requirements in SCIPs	Yes
Expenses for full- or part-time staff, contractors, or consultants to assist with planning activities	Yes
Hiring sworn public safety officers	No
Extending employment of staff, consultants, and/or contractors beyond the date necessary to fulfill SCIP requirements	No

Management & Administration (M&A)

- M&A costs associated with acquisition, deployment, and training are allowable expenditures under PSIC.
- Only States and Territories may use Federal PSIC funding for M&A expenses.
- M&A expenditures may include hiring of full-time or part-time staff or contractors/consultants for grant management services.
- Up to three percent of the total State or Territory funds may be used by the State or Territory for M&A purposes.
- The 20 percent match requirement is applicable to M&A expenses.

Statewide Planning Costs	Allowable
Hiring of full- or part-time staff/contractors/consultants for compliance with reporting, monitoring, and audit requirements and associated travel and meeting expenses	Yes
Overtime and backfill costs associated with PSIC	Yes
Travel	Yes
Meeting related expenses	Yes

Authorized office equipment (e.g., fax machines, copiers, phones)	No
Developing operating plans for information collection and processing necessary to respond to NTIA/FEMA data calls	No
Recurring expenses such as those associated with cell phones and faxes during the period of performance of the grant program (cell phones used for the purpose of the project are an allowable cost)	No
Leasing or renting space for newly hired field personnel during the period of performance of the grant program	No

Acquisition

- In addition to the acquisition of interoperable communications equipment and methods (e.g., swap radios, shared channels, gateways, shared systems), acquisition requires technical and financial planning, as well as procurement and system design activities to ensure that the technology being acquired meet the needs of public safety agencies.
- The 20 percent match requirement is applicable to Acquisition expenses.
- Acquisition costs are an allowable match source.
- If planning activities (e.g., requirements definitions, system design, collecting asset inventory) are in direct support of a PSIC-funded project, the planning activity should be listed in the Acquisition category. If the planning activity is for a future communication activity not funded by PSIC, the activity should be listed in the Planning & Coordination category.

Acquisition	Allowable
Developing requirements definitions and analysis	Yes
Collecting asset inventory	Yes
Conducting technology alternatives and feasibility analyses	Yes
Developing system design (e.g., engineering or site surveys)	Yes
Information technology	Yes
Cyber security enhancement equipment	Yes
Interoperable communications equipment	Yes
Power equipment (e.g., generators, batteries)	Yes
Mapping equipment ⁵	Yes
Computer aided dispatch equipment	Yes
Equipment/inventory tracking software	Yes
Camera/surveillance equipment	Yes

⁵ To be allowable, this equipment must serve as part of an interoperability solution as determined by the State or Territory-specific situation and needs.

Incident response vehicles	Yes
Warranties on equipment that are purchased with PSIC funds	Yes
Public notification warning systems	No
Chemical, Biological, Radiological, Nuclear, and Explosive (CBRNE) incident response vehicles	No
CBRNE operational search and rescue equipment	No
CBRNE reference materials	No
CBRNE response watercraft	No
CBRNE aviation equipment	No
Personal protective equipment	No
Explosive device mitigation and remediation equipment	No
Detection equipment	No
Decontamination equipment	No
Medical supplies and limited pharmaceuticals	No
Terrorism incident prevention equipment	No
Physical security enhancement equipment	No
Inspection and screening systems	No
Intervention equipment	No
Agriculture terrorism prevention, response, and mitigation equipment	No

Deployment

- In addition to build-out costs of interoperable communications equipment, deployment may include the development of deployment procedures for use and the establishment of service level agreements for its use.
- Deployment also includes construction and renovation expenses and O&M costs.
- Construction-based projects are subject to all applicable laws, regulations, and licensing requirements, including NEPA and NEPA-related laws.
- O&M costs must be new costs related to a PSIC Investment and be incurred during the PSIC period of performance.
- The 20 percent match requirement is applicable to Deployment expenses.
- Deployment costs are an allowable match source.

Deployment Costs		Allowable
<i>Deployment and Pre-positioning</i>		
Developing deployment procedures and Standard Operating Procedures (SOP) ⁶		Yes
Establishing service-level agreements, including operations and maintenance		Yes
Installing and building-out communications system infrastructure		Yes
Distributing portable and mobile equipment		Yes
Developing fleetmap for local and statewide interoperability		Yes
Conducting system acceptance testing		Yes
Conducting certification and accreditation		Yes
Programming for XML compliance		Yes
Managing interoperability assets through equipment inventories		Yes
<i>Construction and Renovation</i>		
Erecting communications towers		Yes
Constructing or enhancing an equipment shelter		Yes
Retrofitting a dispatch center		Yes
Deconstructing equipment associated with PSIC activities		Yes
FCC licensing fees (payment to another Federal agency)		No
<i>Operations and Maintenance</i>		
O&M costs of equipment (land mobile radios, service fees for cellular, satellite, fiber optic leasing fees, and related equipment) ⁷		Yes
Personnel and fringe benefit ⁸ costs when directly related to an Investment		Yes
Utilities costs, supplies, repair, and replacement		Yes
Leasing space for equipment storage ⁹		Yes
General logistics support		Yes

⁶ In order to be classified as an allowable deployment cost, SOP development must be in direct support of a PSIC-funded activity.

⁷ Leases, service contracts, and other O&M supporting PSIC activities can extend beyond the PSIC period of performance; however, Federal funds cannot be used to pay or pre-pay for costs incurred past 9/30/2010. If pre-payment is necessary, PSIC funds can only be used for pre-payment of a contract cost up to 9/30/2010.

⁸ Fringe benefits associated with overtime hours are limited to the Federal Insurance Contributions Act, Workers' Compensation and Unemployment Compensation.

⁹ Expenses to store equipment can only be incurred during the PSIC period of performance.

Cost of life-cycle O&M support	Yes
Salaries, benefits, and overtime for existing employees, sworn officers, grant writers, and other staff who do not directly contribute to the implementation of the project	No
Office expenses such as phones, vehicle costs, office rental, furniture and equipment, office supplies, and indirect charges	No

Training

<ul style="list-style-type: none"> • Training requires that public safety agencies understand how to use interoperable communications equipment. • No more than 20 percent of a State or Territory's overall allocation may be allocated for training expenses. • Exercises shall be designed to ensure familiarity with the communications system. • Exercises are managed and executed in accordance with the Homeland Security Exercise and Evaluation Program (HSEEP). • The 20 percent match requirement is not applicable to Training expenses. • Training costs are not an allowable match source. • If a public safety agency that was not included in the approved Investment is attending a training event, that agency must use its own funds for personnel costs including backfill, travel, facility, rental, etc. 	
Training Costs	Allowable
Conducting comprehensive interoperable communications user training on systems	Yes
Multi-jurisdictional interoperable communications exercises and drills	Yes
Developing user guides and instruction manuals on systems	Yes
Hiring of personnel/contractors/consultants to conduct training activities, including associated backfill and overtime costs	Yes
Overtime and backfill costs, including expenses for part-time and volunteer emergency response personnel, participating in interoperable communications related training and exercises as it relates to PSIC	Yes
Conducting training workshops and conferences (statewide and regional)	Yes
Conducting table top exercises	Yes
Conducting full scale exercises	Yes
Conducting STR related training sessions	Yes
Conducting National Incident Management System specific training sessions	Yes
Conducting Communications Unit Leader Training sessions	Yes
Conducting Communications Technician training sessions	Yes
Designing, developing, conducting, and evaluating an exercise	Yes
Designing, developing, and conducting new training programs	Yes
Conducting exercise planning workshop	Yes
Instructor costs	Yes

Travel assistance (includes fuel, lodging, food)	Yes
Food/meals provided during training sessions ¹⁰	Yes
Training facility rental costs	Yes
Supplies	Yes
Developing user guides/manuals	Yes
Implementing HSEEP	No
Tuition for higher education	No
Other items	No

Planning and Coordination

<ul style="list-style-type: none"> Planning and Coordination costs for individual PSIC Investments must be directly related to the use of interoperable communications equipment, software, and systems. Planning and Coordination costs include technical and financial planning as well as coordination and organizational activities. The 20 percent match requirement is not applicable to Planning and Coordination expenses. Planning and Coordination costs are not an allowable match source. If planning activities (e.g., requirements definitions, system design) are in direct support of a PSIC-funded project, the planning activity should be listed in the Acquisition category. If the planning activity is not in direct support of a PSIC-funded project or is part of a future communication activity not funded by PSIC, the activity should be listed in the Planning & Coordination category. 	
Planning and Coordination Costs	Allowable
Developing and enhancing SOPs for the use of equipment or systems (regional and statewide)	Yes
Developing and enhancing communications plans and protocols	Yes
Developing/conducting assessments (e.g., technology needs, asset needs, SOPs)	Yes
Developing requirements definition and analysis	Yes
Developing MOUs (regional and statewide)	Yes
Developing Concept of Operations	Yes
Public safety education and outreach	Yes
Hiring full- or part-time staff or contract/consultants to assist with planning activities as it relates to PSIC	Yes
Conferences to facilitate planning activities	Yes
Materials required to conduct planning activities	Yes
Travel/per diem related to planning activities	Yes
Establishing communications committees/subcommittees	Yes

¹⁰ If a meal is provided to training participants using PSIC training funds, per diem must be calculated without that meal cost.

Facilitating Statewide Interoperability Executive Committee meetings	Yes
Developing planning activity materials (e.g., conference publications, SOP/MOU templates)	Yes
Generic public education and outreach	No
Developing and implementing homeland security support programs and adopting ongoing DHS National Initiatives	No
Establishing, enhancing, and evaluating Citizen Corps related volunteer programs	No
Overtime and backfill costs in accordance with operational cost guidance	No
<i>Organizational Activities (Planning and Coordination)</i>	
Overtime for information, investigative, and intelligence sharing activities (up to 25 percent of the allocation)	No
Reimbursement for select operational expenses associated with increased security measures at critical infrastructure sites incurred during periods of DHS-declared Code Orange	No
Hiring of full- or part-time staff or contractors for emergency management activities	No
Hiring of contractors/consultants for participation in information/intelligence analysis and sharing groups or fusion center activities (limited to 25 percent of the allocation)	No

Matching Requirements

Pursuant to the Deficit Reduction Act of 2005 (Pub. L. No. 109-171), each public safety agency receiving PSIC funds is required to provide not less than 20 percent of the costs of Acquisition and Deployment of the interoperable communications projects and M&A costs funded under the grant program.¹¹ Costs for Planning and Coordination and Training do not require grantees to provide matching funds.

As such, PSIC Investment costs should be borne as follows: 80 percent of the Acquisition and Deployment Investment costs are to be from Federal PSIC grant funds and 20 percent of the Acquisition and Deployment costs of an Investment are to be non-Federal funds (e.g., State and local funds and in-kind contributions). The SAA is responsible for ensuring that all matching requirements are met.

What is a match?

A match is defined as the:

- Portion of costs of a federally assisted Investment not borne by the Federal government,¹² and
- Value of third-party in-kind contributions.

What are non-Federal sources?

Non-Federal sources may include State and local cash contributions, donated equipment or property, salaries, and other costs directly related to the Investment.

What are third-party in-kind contributions?

Third-party in-kind contributions include donated:

- Salaries
- Property
- Volunteer services
- Equipment

Who provides a match?

Funds and in-kind contributions can be contributed by State, local, and non-governmental entities, but not vendors. A match may be met at the State level and/or provided on an Investment-by-Investment basis.¹³

What are the restrictions on matching funds?

Non-Federal matching funds are part of the Total State/Territory Costs included in the Overall Funding Summary of the approved IJ and are subject to the same restrictions under the PSIC Grant Program, including audit. Non-Federal matching funds must be:

- Allowable under the PSIC Grant Program;
- Associated with the Investment;
- Applied only to this Federal grant program;
- Contributed from non-Federal sources;
- Part of the grant budget;

Tool
Tool 7: Match Requirements Checklist

¹¹ The Territorial governments in Guam, American Samoa, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands are exempt from the first \$200,000 (including in-kind contributions) in matching funds.

¹² 44 CFR Part 13

¹³ Information Bulletin No. 268 is available at: <http://www.fema.gov/pdf/government/grant/bulletins/info268.pdf>.

- Applied to M&A, Acquisition, and Deployment costs;
- Demonstrated and documented the same way as Federal funds (e.g., entered into a formal accounting system as income and expenditures);
- Provided at a rate that is proportional to the Federal funds drawn down; and
- Provided during the grant period of performance (October 1, 2007–September 30, 2010).

Valuing Match

In determining the value of in-kind contributions, grantees should:

- Use fair market price;
- Consider what it would cost to obtain a similar good or service;
- Obtain the value of donation from the donor; and
- Review donation letters and values to ensure they are reasonable.

Several issues of valuation have been addressed by the PSIC Grant Program and are summarized below.

Valuation of donated infrastructure

In valuing infrastructure (e.g., property, equipment), the grantee must ensure that the value it is placing on donated infrastructure is verifiable, reasonable, and necessary to the Investment.

The grantee must maintain documentation to verify the costs assigned to the donated infrastructure for matching purposes. The value can be demonstrated and documented by the grantee or by the owner of the item. Documentation should support the amount claimed as match for the grant program with a description regarding the valuation of the item, the method of valuation, and the signed and dated terms of the donation. Lastly, the grantee must provide documentation that the match is related and necessary to the Investment.

Best Practice

Grantees and financial officers should read guidance on matching funds, valuation, and cost principles including:

- *44 CFR Part 13, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*;¹⁴
- *2 CFR Part 225, Cost Principles for State, Local, and Indian Tribal Governments*;¹⁵
- *Department of Commerce Standard Terms and Condition*;¹⁶ and
- *FEMA Grant Programs Directorate, Grants Management Division, Match Guidance*.¹⁷

Salaries as in-kind contributions

Grantees may use employee salaries as in-kind contributions if the employee is supporting PSIC activities. To apply an employee salary towards match, the grantee must document the time and activities spent working on PSIC-funded activities; this is especially important for employees that only partially support PSIC-funded activities. Timesheets should be signed and dated, and documents should be kept on file. Matching funds must be accounted for in the grantee's formal financial system and must be recorded in the general ledger as expenditures and receipts.

¹⁴ Available at http://www.access.gpo.gov/nara/cfr/waisidx_07/44cfr13_07.html.

¹⁵ Available at http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&tpl=/ecfrbrowse/Title02/2cfr225_main_02.tpl.

¹⁶ Available at http://www.fpir.noaa.gov/Library/OMI/Grants/PresentPolicy/DOC_ST&C05.pdf.

¹⁷ See Appendix A: FEMA Grant Programs Directorate, Grants Management Division, Match Guidance.

The value of contractor hours donated to the Investment cannot be offered as an in-kind salary contribution. While the value of contractor hours is an eligible cost under the program and can be paid with PSIC funds or grantee funds, it can only be offered as a cash contribution for matching purposes.

Donated contractor hours cannot serve as an in-kind Investment match. However, if a contractor donates hours to an Investment, the value of the donated hours may be accounted for as a discount for the grantee, ultimately lowering the total Investment cost. Additionally, the value of a vendor discount or rebate cannot be used as match under the PSIC Grant Program; this value can only serve to lower the total Investment cost. Per 2 CFR Part 225 purchase discounts, rebates, or allowances should be applied to the Federal award and are not eligible to be used towards match.

Volunteer services

2 CFR Part 225 states that services provided to a grantee by volunteers are to be valued at a rate consistent with the rate paid by the grantee to its employees performing similar work. If the grantee does not have employees performing similar work, the applicable rate would be the rate paid by other employers for similar work in the local labor market. If a third party organization furnishes a grantee with the services of an employee at no cost, these services should be valued at the employee's regular rate of pay, provided that the services are in the same line of work for which the employee normally is paid. If the employee's services are in a different line of work, the guidelines for volunteer services apply.

For example, if a licensed medical doctor provides services to the grantee as a driver, the applicable rate would be that paid to drivers by the grantee, donating entity, or similarly situated organization. If, however, this same individual provides medical services required by the grant, the applicable rate would be that commonly paid to providers of such medical services.

Best Practice

Donated services must be valued at the rate charged for similar work. Best practices dictate that grantees provide adequate documentation to justify the rate. Grantees must maintain documentation for the basis of valuation (e.g., the method of research, sources, and findings).

Documenting and Accounting for Match

The matching fund requirement may be contributed at the Portfolio level and/or on an Investment-by-Investment basis, and may be provided through a combination of funding from State and local sources as long as the total match amount required is met. Matching funds are part of the total Overall Funding Summary costs and must be documented and accounted for in the same way as Federal funds.

Best Practice

Grantees and financial officers should follow these grant accounting practices for non-Federal matching funds:

- Discuss the matching requirement with a finance officer.
- Documentation should be the same for Federal and non-Federal matching funds.
- Maintain documents that support the amount claimed as match.
- Establish financial systems to ensure:
 - All costs are verifiable from accounting and financial records;
 - All costs are clearly identified using project cost accounting;
 - Federal and non-Federal costs are assigned and treated consistently;
 - Costs are within the approved budget;
 - Costs are allowable under the grant program; and
 - Matching funds are not used for other Federal awards.

Calculating Match

The costs of Acquisition, Deployment, and M&A activities are shared between grantees and the Federal government. Match does not have to be calculated for PSIC funds allocated to Planning and Coordination, Training, or Statewide Planning cost categories. The Federal government provides 100 percent of the funds requested for these activities. The table and figures below illustrate PSIC match requirements.

Eligible Activities	Match does apply to	Match does <i>not</i> apply to	Eligible as a match source
Statewide Planning		✓	
M&A	✓		✓
Acquisition	✓		✓
Deployment	✓		✓
Planning & Coordination		✓	
Training		✓	

Figure 2. Matching Funds Applied to Specific Cost Categories.

Please Note
M&A can only be spent at the State/Territory level; therefore, M&A can only be matched at the State/Territory level. The examples below focus on calculating match at the Investment level.

Calculating Match – Understand Matching Terms

To calculate match correctly, grantees must understand the matching terms as they are defined for the PSIC Grant Program. Remember, the Federal government pays 80 percent towards the costs for cost categories requiring match and the remaining 20 percent of these costs are borne by the grantee. The formulas for calculating the Federal and non-Federal share of costs can be found below:

- **Federal Award:** the portion of the overall Federal PSIC award allocated to an Investment;
- **Non-Federal Match:** the funds (cash) or the value of in-kind contributions (e.g., donated land, salaries, equipment, volunteer services) provided by the grantee as the match for an Investment; and
- **Total Investment Cost:** the sum of the Federal Award and the non-Federal match provided to a given Investment.
 - **Total Acquisition and Deployment Cost:** the sum of the portion of the Federal Award for **Acquisition and Deployment** (Federal award) and the non-Federal match provided for **Acquisition and Deployment** for a given Investment.

$$\text{Total Investment Cost} = \text{Planning and Coordination} + \text{Training} + \text{Acquisition} + \text{Deployment} + \text{Match on Acquisition and Deployment Costs}$$

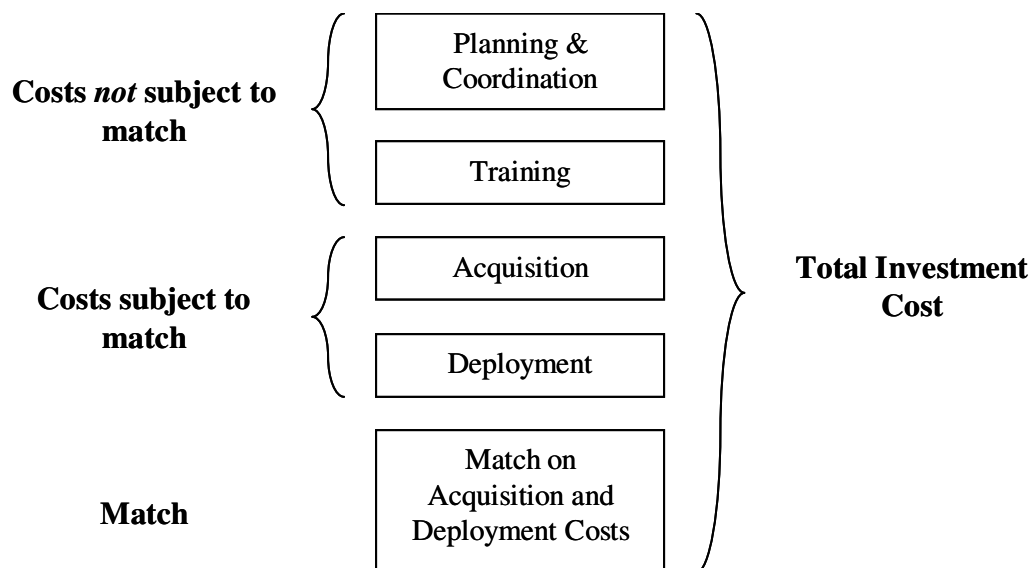


Figure 3. Break down of Total Investment Cost

Calculating Match – Understand How Match is Calculated

Calculating match is one of the most complex parts of the PSIC Grant Program. The examples below demonstrate how to calculate match on Investments that only have Acquisition and Deployment costs.

Calculating non-Federal Match and Total Investment Cost when the Federal Award is Known

The table below shows how a grantee determines the non-Federal match costs by knowing the allotted Federal award amount for an Investment, as well as determines the Total Investment Cost. For this example, the ratio below is used to determine the non-Federal match amount.

$$\frac{\text{Match}}{\text{Federal Award}} = \frac{20\% \text{ (Non-Federal Share)}}{80\% \text{ (Federal Share)}}$$

Why do I keep hearing 25% if PSIC requires a 20% match?

- Non-Federal funds on an Investment equal 25% of the Federal funds allocated to that Investment.
- The ratio of non-Federal to Federal funds is $20/80 = 2/8 = 1/4 = 25\%$.
- For every four dollars of Federal funds provided, the grantee must provide one dollar in non-Federal funds (4:1).

	Calculating non-Federal Match					Calculating the Total Investment Cost	
	Federal Award	×	% Match	=	non-Federal Match	Federal Award + Match =	Total Investment Cost
Acquisition	\$800,000	×	20%/80%	=	\$200,000	\$800,000 + \$200,000 =	\$1,000,000
Deployment	\$400,000	×	20%/80%	=	\$100,000	\$400,000 + \$100,000 =	\$500,000
Federal Award	\$1,200,000	Non-Federal Match			\$300,000	Total Investment Cost	\$1,500,000

Best Practice

The SAA should closely monitor its compliance and subgrantee compliance with match requirements throughout the grant period of performance. Before distributing PSIC funding, the SAA should ensure the subgrantee understands and can comply with the PSIC match requirements.

Calculating the Federal Award and non-Federal Match when the Total Investment Cost is Known

The table below illustrates how a grantee determines the amount that will be provided by the Federal government (Federal award) by knowing the Total Investment Cost for the Investment and the non-Federal match amount.

	Calculating non-Federal Match					Calculating the Federal Award	
	Total Investment Cost	×	Match %	=	non-Federal Match	Cost – non-Federal Match =	Federal Award
Acquisition	\$1,000,000	×	20%	=	\$200,000	\$1,000,000 – \$200,000 =	\$800,000
Deployment	\$500,000	×	20%	=	\$100,000	\$500,000 – \$100,000 =	\$400,000
Total Investment Cost	\$1,500,000	Non-Federal Match			\$300,000	Federal Award	\$1,200,000

Calculating Match on Investments that Require Match and Investments that do not Require Match

	Federal Share	Training and/or Planning and Coordination Cost	Acquisition and/or Deployment Cost	Non-Federal Funds	Total Investment Cost
Investment 1	\$1,000,000	\$ 0	\$1,000,000	\$250,000	\$1,250,000
Investment 2	\$1,000,000	\$200,000	\$800,000	\$200,000	\$1,200,000
Investment 3	\$1,000,000	\$500,000	\$500,000	\$125,000	\$1,125,000
Investment 4	\$1,000,000	\$1,000,000	\$ 0	\$ 0	\$1,000,000

Reminders about Match

- The SAA and Project Managers must provide the level of match that was proposed in the IJ. Any modification of match should be discussed with the Financial Manager, the SAA, the audit liaison, and Project Manager.
- Federal funds should be drawn down in proportion to matching funds. Therefore, the SAA and Project Managers must monitor match throughout the grant period of performance to ensure that Federal funds can be drawn down in a timely manner.
- The SAA is reminded that matching funds are subject to the same restrictions as Federal funds. Matching funds must be allowable, related to the Investment, incurred during the grant period of performance, and documented in a financial management system.
- Costs eligible to be used towards match must be directly related to the PSIC Grant Program and the associated Investments.
- Changes in project budgets or scopes may affect match and need to be considered and addressed in budget modification requests.

Tool 7: Match Requirements Checklist

The following checklist provides a high-level overview of whether or not an SAA is in compliance with match requirements. For each Investment, the SAA needs to confirm that the matching funds offered meet each of the listed requirements. Include this checklist in the Grant File; see page 56 for an explanation of the Grant File.

Matching funds are:

- ☐ Associated with approved PSIC Investments
- ☐ Allowable under the PSIC Grant Program <http://www.ntia.doc.gov/psic/CostMatrix.pdf>
- ☐ Provided by non-Federal sources
- ☐ Used for only one Federal grant program
- ☐ Conform to 44 CFR Part 13
http://www.access.gpo.gov/nara/cfr/waisidx_07/44cfr13_07.html
- ☐ Obligated, incurred, and expended within the grant period of performance (Oct 1, 2007 – September 30, 2010)
- ☐ Expended by the end of the grant period
- ☐ Provided at a proportional rate to the amount of Federal funds drawn down
- ☐ Applied to the actual allowable costs
- ☐ Comply with 2 CFR Part 225: They are allowable, reasonable, and allocable (does not violate any restrictions on allocations)
http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&tpl=/ecfrbrowse/Title02/2cfr225_main_02.tpl
- ☐ Comply with 2 CFR Part 225: Valuation of in-kind matching contributions was checked against valuation and cost principles
http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&tpl=/ecfrbrowse/Title02/2cfr225_main_02.tpl
- ☐ Documented by the SAA – the source, the amount, and the timing of the match contribution in a formal accounting system
- ☐ Documented by the subgrantee – the source, the amount, and the timing of the match contribution¹⁸ in a formal accounting system
- ☐ Monitored throughout the grant period of performance

Certification that Matching funds cannot:

- ☐ Supplant funds already funded or budgeted for the same project or purpose
- ☐ Be applied to more than one Federal grant program

¹⁸ If a recipient offers more match than is necessary, the recipient is still obligated to provide records of the required level of match and any other funds it offered up for match are partially exempt from matching requirements.

Other Funding and Time Sensitive Restrictions

The SAA must also adhere to the following requirements that either impose additional funding restrictions or a deadline on the SAA on the use of PSIC funds. These actions should be documented and demonstrated in the Grant File.

- **Grant Period of Performance.** The Grant Period of Performance is from October 1, 2007 through September 30, 2010. As required by law, all funds must be *expended* by that date.¹⁹
- **Grant Allocation:** Each State received a baseline of \$3 million and each Territory received a \$500,000 baseline to make meaningful improvements to public safety communications.²⁰ The remaining funds were distributed among the States and Territories using a risk-based formula similar to the formula used in the Homeland Security Grant Program. While modifications are allowed under the program, grantees may *not* request additional Federal funds or an increase in their Federal award.
- **Pass-through requirement:** States were required to pass through 80 percent of their PSIC allocation to local or tribal governments and to pass through those funds within 60 days of the IJ approval. This requirement could be waived if the State had an MOU in place that would allow the State to retain more than its share of funds and administer those funds on behalf of the localities. Documentation of pass through or a copy of the MOU must be kept on file. For Puerto Rico, the pass-through requirement is 50 percent of the total award. No pass-through is required of the District of Columbia and the Territorial governments in Guam, American Samoa, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands.
- **M&A:** No more than three percent of the total allocation may be designated for M&A costs associated with the grant. In addition, M&A is subject to match; therefore, any M&A costs or match funds provided *must* be allowable and related to the work of the PSIC Grant Program. The expenditures also *must* occur during the grant period of performance.
- **Statewide Planning:** No more than five percent of the total allocation may be designated for Statewide Planning. Statewide Planning funds may only be used towards costs incurred in incorporating PSIC criteria into the SCIP. These costs must be allowable, must be spent at the State level, and had to occur within the specified period of performance (April 1, 2007 – December 3, 2007).
- **Training:** No more than 20 percent of the total allocation may be designated for training.
- **Matching Requirement:** Matching funds only apply to Acquisition, Deployment, and M&A costs. All States, including the District of Columbia, must provide a match of no less than 20 percent for these allowable cost areas. If a Territory's matching requirement is \$200,000 or less, the Territory has no matching requirement. If the matching requirement is more than \$200,000, the affected Territory is exempt from the first \$200,000 of the matching requirement and is responsible for providing match above and beyond the \$200,000.

¹⁹ Section 3006 of the Deficit Reduction Act of 2005.

²⁰ Also included the District of Columbia and Puerto Rico.

- **Draw Down of Funds:** Per the Grant Guidance and Application Kit, grantees may elect to draw down funds up to 30 days prior to expenditure/disbursement. However, grantees should draw down funds as close to expenditure as possible to comply with the CMIA.
- **After Action Reports:** Grant recipients must report on scheduled exercises and ensure that an After Action Report (AAR) and Improvement Plans (IP) are prepared for each exercise conducted with PSIC funds and then submitted to DHS within 60 days of exercise completion.
- **Deobligation of Unexpended Funds:** All PSIC grant funds not expended by September 30, 2010 must be remitted to FEMA Grant Programs Directorate. These funds will then be deobligated and returned to the U.S. Treasury.
- **Grant Records:** The SAA is responsible for maintaining the grant records for three years from the date of the final Financial Status Report (FSR).
- **NEPA:** Grantees are reminded that all projects must be in compliance with NEPA and NEPA-related laws before the expenditure of funds can take place.

Best Practice

Post grant reporting dates and other time sensitive considerations in plain view to ensure compliance and timely submission.

Step 4: Understanding Reporting Requirements

Reporting provides an effective way for both the SAA and the Federal government to monitor grant recipient progress against the Investments. Failing to comply with reporting requirements may result in the government withholding funds until the required forms are completed. To avoid delays that may be caused by the Federal government withholding funds, the SAA should ensure that the required reports are filed when they are due.

The SAA is responsible for three general reporting requirements focused on financial management, as well as additional reporting requirements regarding audits and exercise evaluation and improvement. The three general reporting requirements are the Financial Status Report (FSR), the Biannual Strategy Implementation Report (BSIR), and the Categorical Assistance Progress Report (CAPR).

- FSR – requires the grantee to report the total outlays for both the recipient share and the Federal share of funds;
- BSIR – collects financial information on total expenditures for all grants and provides a standardized format for reporting financial data; and
- CAPR – is a legacy reporting requirement that grantees are still required to submit. The BSIR submission satisfies the narrative requirement of the CAPR.

In addition to the three reports mentioned above, the SAA is responsible for collecting the appropriate data to fulfill auditing and exercise evaluation and improvement requirements. PSIC grantees are subject to programmatic audits to ensure that grantees are fulfilling obligations such as complying with Standard Forms and Assurances and grant guidance requirements. Additionally, grantees are required to follow HSEEP requirements when conducting exercises and evaluating their success.

General Grant Reporting

Obligations and expenditures must be reported on a quarterly basis through the FSR, which is due within 30 days of the end of each calendar quarter (i.e., March, June, September, and December). A report must be submitted for every quarter that the grant is active including partial calendar quarters and periods where no grant activity occurs. Fund draw downs will be withheld if these reports are delinquent.

Additionally, updated obligation and expenditure information must be provided on the BSIR and the CAPR twice a year. The BSIR and CAPR reports are due within 30 days after the end of the reporting period (on July 30 for the reporting period of January 1 through June 30 and on January 30 for the reporting period of July 1 through December 31). Future awards and fund draw downs may be withheld if these reports are delinquent.

Best Practice

Grantees should provide subgrantees with a timeline for submitting reports to the SAA and work with subgrantees to collect the information needed to complete reports and audits in a timely manner.

Reporting Requirements Summary

Grant reports are due quarterly, biannually, and at the end of the period of performance. It is essential for the SAA to be aware of when reports are due to DHS so that grant funds are not withheld. The SAA may be liable for returning funds to the Federal government if the SAA fails to file reports at the end of the period of performance. To avoid these penalties, the SAA should be familiar with reporting deadlines.

Tool
Tool 8: PSIC Reporting Deadlines Checklist

- **Quarterly**

- *FSR* (SF 269a until October 1, 2009; SF 425 beginning October 1, 2009)²¹
 - The FSR obligations and expenditures report is due 30 days after the end of each quarter.
 - The FSR is submitted online through the Payment and Reporting System. Contact the FEMA help desk at 1-866-927-5646 or via email at ASK-GMD@dhs.gov.
- *Interest Earned*
 - Grantees and subgrantees may keep interest amounts up to \$100 per year for administrative expenses. Similar to CMIA, Federal advances must be deposited in interest bearing accounts. Interest earned above \$100 must be remitted promptly, but at least quarterly, to FEMA, P.O. Box 70941, Charlotte, NC 28271-0941. Grantees should note on the return of funds check the grant number and differentiate between the interest amount and grant funds.

- **Biannually**

- *BSIR*
 - BSIR progress reports are due January 30 and July 30 for the previous six months' activities. (Note: There is a separate PSIC BSIR module).
 - The BSIR is filed online through <https://www.reporting.odp.dhs.gov/>.
 - The SAA will be allowed to assign additional BSIR log-ins as necessary (e.g., Project Managers).
 - The BSIR collects financial information on total expenditures (including non-Federal match) for FEMA grants and provides a standardized format for reporting financial data and some program metrics.
 - The BSIR is where cost categories and matching funds are reported in detail.
- *CAPR*
 - The CAPR progress reports are due January 30 and July 30 for the previous six months' activities.
 - The CAPR is filed online through <https://grants.ojp.usdoj.gov>.

²¹ Beginning on October 1, 2009, FSRs will be reported on SF 425.

Additional Reporting Requirements

In addition to the reports mentioned above, the SAA is required to submit additional reports if specific requirements apply. Descriptions of these reports are included below (PSIC Grant Guidance, pages 33-34).

- **Financial and Compliance Audit Report**

As mentioned in the Internal Audit section under Managing Federal Grant Funds, grantees that expend \$500,000 or more of Federal funds during their fiscal year are required to submit an organization-wide financial and compliance audit report. Please refer to the Internal Audit section (page 51 of this handbook) for more details.

- **After Action Reports**

AARs are required when grant recipients conduct exercises. Exercises implemented with PSIC grant funds should be performance-based and directly related to the grant activities and interoperable communications. Guidance on conducting exercise evaluations and implementing improvement is defined in the HSEEP. HSEEP requirements can be found at <https://hseep.dhs.gov/support/VolumeIII.pdf>. An AAR and IP must be prepared for each exercise conducted with PSIC funds and must be submitted to DHS within 60 days following completion of the exercise. A template for an AAR and IP can be found at https://hseep.dhs.gov/support/AAR-IP_Template%202007.doc.

Tool 8: PSIC Reporting Deadlines Checklist

Include this checklist in the Grant File; see page 56 for an explanation of the Grant File.

September 30, 2007 PSIC Awards made

October 1, 2007 Grant Period of Performance Begins

- ☐ January 30, 2009 BSIR/CAPR due (for the period July 1 – December 31)
- ☐ January 30, 2009 FSR due (for the period October 1 – December 31)

- ☐ April 30, 2009 FSR due (for the period January 1 – March 31)

- ☐ July 30, 2009 BSIR/CAPR due (for the period January 1 – June 30)
- ☐ July 30, 2009 FSR due (for the period April 1 – June 30)

- ☐ October 30, 2009 FSR due (for the period July 1 – September 30)

- ☐ January 30, 2010 BSIR/CAPR due (for the period July 1 – December 31)
- ☐ January 30, 2010 FSR due (for the period October 1 – December 31)

- ☐ April 30, 2010 FSR due (for the period January 1 – March 31)

- ☐ July 30, 2010 BSIR/CAPR due (for the period January 1 – June 30)
- ☐ July 30, 2010 FSR due (for the period April 1 – June 30)

September 30, 2010 Grant Period of Performance Ends

- ☐ October 30, 2010 FSR due (for the period July 1 – September 30)

- ☐ December 31, 2010 Final FSR due 90 days from the end of the grant period
- ☐ December 31, 2010 Final BSIR due 90 days from the end of the grant period
- ☐ December 31, 2010 Final CAPR due 90 days from the end of the grant period

Subjective Deadlines

After Action Reports document the scheduled exercises and prepare AARs and IPs to be submitted to DHS within 60 days of exercise completion.

Internal Audit Reports are due nine months from the end of the grantee's fiscal year if they expend more than \$500,000 in Federal funds. Since grantee fiscal years vary, exact dates cannot be provided. The SAA should be familiar with the fiscal year and plan on submitting Internal Audit Reports within nine months of the end of each fiscal year in which the State or Territory expends more than \$500,000 in total Federal funds.

- ☐ 2008 Internal Audit Report [Enter submission date here.]

- ☐ 2009 Internal Audit Report [Enter submission date here.]

☐ 2010 Internal Audit Report [Enter submission date here.]

Interest Reimbursement (Due on a quarterly basis if interest is accrued on Grant funds. As noted in the Financial Management Section, subgrantees may keep interest amounts up to \$100 per year for administrative expenses for all Federal grants combined.)

☐ January 30, 2009 Interest Reimbursement due (for the period October 1 – December 31)

☐ April 30, 2009 Interest Reimbursement due (for the period January 1 – March 31)

☐ July 30, 2009 Interest Reimbursement due (for the period April 1 – June 30)

☐ October 30, 2009 Interest Reimbursement due (for the period July 1 – September 30)

☐ January 30, 2010 Interest Reimbursement due (for the period October 1 – December 31)

☐ April 30, 2010 Interest Reimbursement due (for the period January 1 – March 31)

☐ July 30, 2010 Interest Reimbursement due (for the period April 1 – June 30)

☐ October 30, 2010 Interest Reimbursement due (for the period July 1 – September 30)

Step 5: Understand Audit Requirements

Internal Audit

Pursuant to the Single Audit Act, and in accordance with OMB Circular A-133, grantees and subgrantees that expend \$500,000 or more in Federal funds in a fiscal year are required to submit an organization-wide financial and compliance audit. The purpose of the audit is to review the grantee's administration of grant funds and non-Federal (matching) funds associated with the award. The major requirements of an internal audit are listed below:

- The SAA must use an independent auditor, as defined by 44 CFR §14.2.(f);
- Audits are due nine months after the close of each fiscal year; and
- The SAA is responsible for ensuring all follow-up and corrective action.

The internal audit will determine whether the SAA has completed the activities below:

- Established an accounting system integrated with adequate internal fiscal and management controls to provide full accountability for revenues, expenditures, assets, and liabilities. This system should provide reasonable assurance that the organization is managing Federal financial assistance programs in compliance with applicable laws and regulations;
- Prepared financial statements that are presented fairly, in accordance with generally accepted accounting principles;
- Submitted financial reports, which may include FSRs, Cash Reports, and Claims for Advances and Reimbursements, that contain accurate and reliable financial data, and are presented in accordance with the terms of applicable agreements; and
- Expended Federal funds in accordance with the terms and applicable agreements under the law, under regulations governing the program, or under program requirements.

Audits of Subgrantees

The SAA is responsible for monitoring award activities to provide reasonable assurance that the PSIC funds are administered in compliance with financial and programmatic requirements.

States and Territories shall require that subgrantees also comply with the audit requirements set forth in OMB Circular A-133. The organization-wide audit must be in accordance with:

- *U.S. General Accountability Office, Government Auditing Standards* <http://www.gao.gov/govaud/ybk01.htm>; and
- OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* at <http://www.whitehouse.gov/omb/circulars/a133/a133.html>.

Audit reports from the SAA are due to the Federal Audit Clearinghouse (FAC) no later than nine months after the end of the recipient's fiscal year. Recipients are also responsible for ensuring that subgrantee audit reports, when applicable, are submitted to the FAC and for resolving any audit findings.

In addition, under the terms of the grant application for funding, grantees agreed to provide the Secretary of Commerce, Inspector General of Department of Commerce, or the Comptroller General access to any books, documents, and records of recipients that are related for audit and examination purposes.

Best Practice

Since the SAA is accountable for monitoring all Investments under the program and ensuring compliance with Federal grant requirements, a best practice is for the SAA to require all subgrantees to comply with the financial management and audit requirements contained in OMB Circular A-133. By providing guidance on standards of financial management, the SAA can manage and administer the grant program with greater consistency.

Prepare for Audit

Preparation for audit begins at the beginning of the grant and continues throughout the grant period of performance. The SAA is responsible for the management and administration of PSIC funds, for monitoring PSIC activities and progress, and for meeting reporting requirements. The grantee should establish a system for documenting all actions and activities related to the grant.

It is critical that subgrantees understand the requirements of the program and have the capacity to comply with financial and programmatic requirements. A Financial Capacity Checklist is provided on page 14 of this handbook to help the SAA assess the financial capacity of subgrantees.

The grantee must monitor progress to ensure that the project will come to fruition within the budget that was approved and in the time allotted. Grantees should have on file a statement of work and documentation to demonstrate that the work satisfies the goals and requirements of the program.

Best Practice

- Grant managers should meet with subgrantees to ensure they understand the terms of the grant and the requirements of the program.
- For programs such as PSIC that fund the acquisition of property and other capital goods, it is essential to establish a record of items purchased, the process of procurement used, dates of purchase, the purpose of the acquisition as it relates to the project, the location and a point of contact to create a record of purchase, and an inventory list. An inventory list of items purchased with grant funds will assist the auditor with tracking funds to capital goods and purchases.

Additionally, the SAA should have documented processes and policies in place (e.g., procurement policies) to ensure compliance with Federal restrictions including a process for collecting information required for grant reporting.

The SAA should work closely with financial and audit officers to prepare for an audit.

Tool

[Tool 9](#): Audit Preparation Checklist
[Tool 10](#): PSIC Audit Compliance Checklist

Tool 9: Audit Preparation Checklist

The SAA can use this checklist to review its obligations to the PSIC Grant Program and to begin to develop its approach to collecting and documenting audit requirements. Include this completed checklist in the Grant File; see page 56 for an explanation of the Grant File.

Did you...	Y	N	Comments
Demonstrate compliance with PSIC program requirements?			
Demonstrate compliance with Standard Forms and Assurances?			
Notify your Chief Financial Officer, State Auditor, Certified Public Accountant, and other financial professionals maintaining your accounting records about the PSIC funds and reporting requirements?			
Identify who is going to approve payment for project costs and prepare your financial status reports?			
Designate an audit liaison for your State or Territory?			
Provide timely financial reports in the format required?			
Establish a financial management system based on common standards set in 44 CFR §13.20, available at http://www.access.gpo.gov/nara/cfr/waisidx_04/15cfr24_04.html ?			
Provide documentation on procurement process?			
Designate staff at the State and subgrantee level to manage documentation and reporting process?			
Ensure data collection mechanisms (for FSR, BSIR, and CAPR) are in place at the beginning of grant implementation?			
Ensure compliance with financial restrictions of the program?			
Document all matching funds?			
Document in-kind valuation?			
Complete the full audit checklist ?			

Tool 10: PSIC Audit Compliance Checklist

This checklist provides the SAA with a comprehensive list of statutory, financial, and programmatic requirements that they should fulfill in order to be compliant with the PSIC Grant Program. Include this checklist in the Grant File; see page 56 for an explanation of the Grant File.

Complete	Criteria	Comments/Document Location/Contact
Ongoing General Grant Program Requirements		
<input type="checkbox"/>	Maintain up-to-date grant documentation	
	<input type="checkbox"/> Scope of Work (e.g., information on system architecture, procedures, talk-groups and channel assignments, and frequency licensing information)	
	<input type="checkbox"/> Copies of diagrams, equipment rack layouts, and/or other depictions of the technical aspects for all projects	
	<input type="checkbox"/> Copies of up-to-date project documentation (including procurement documentation)	
	<input type="checkbox"/> Inventory Checklist	
<input type="checkbox"/>	Submit required financial and programmatic documentation	
	<input type="checkbox"/> FSR	
	<input type="checkbox"/> BSIR	
	<input type="checkbox"/> CAPR	
	<input type="checkbox"/> Matching funds documentation	
	<input type="checkbox"/> Pass-through documentation	
<input type="checkbox"/>	Comply with OMB Circular A-133 Requirements	
<input type="checkbox"/>	Compliant in meeting PSIC program goals	
	<input type="checkbox"/> Utilizes reallocated public safety spectrum for radio communication	
	<input type="checkbox"/> Enables interoperability with communications systems that can utilize reallocated public safety spectrum for communication	
	<input type="checkbox"/> Improves or advances the interoperability of public safety communications systems that utilize other public safety spectrum bands	

Complete	Criteria		Comments/Document Location/Contact
Ongoing General Grant Program Requirements			
<input type="checkbox"/>	Compliant in meeting PSIC technology objectives		
	<input type="checkbox"/>	Adopts advanced technological solutions	
	<input type="checkbox"/>	Improves spectrum efficiency	
	<input type="checkbox"/>	Uses cost-effective measures	
<input type="checkbox"/>	Compliant in meeting PSIC all-hazard mitigation objectives		
	<input type="checkbox"/>	Improves interoperable communications in areas at high risk for natural disasters	
	<input type="checkbox"/>	Continues to improve interoperability efforts in urban and metropolitan areas at high risk for threats of terrorism	
	<input type="checkbox"/>	Pre-positions or secures interoperable communications in advance for immediate deployment in an emergency or major disaster (e.g., STR)	
<input type="checkbox"/>	Maintain complete and appropriate documentation and files to track progress in meeting program criteria		
	<input type="checkbox"/>	Projects are meeting pre-established milestones	
	<input type="checkbox"/>	Projects are meeting performance requirements	
	<input type="checkbox"/>	Project budgets up-to-date	

Step 6: Manage the Grant

All recipients of Federal funding must establish and maintain accounting systems and financial records to accurately account for their awards. The SAA is responsible for the accounting of receipts and expenditures, cash management, maintenance of financial records, and refunding expenses disallowed by audits or monitoring.

Financial Management

Ensure adequate financial management systems are in place

Under PSIC, the SAA certified in its preliminary application, SF 424, that it has the legal, financial, and managerial capacity to manage Federal grant funds. Most grantees have existing systems that are sufficient for managing Federal grants. However, to ensure adequate financial systems are in place for the PSIC Grant Program, grantees can refer to the code below.

- *44 CFR Part 13* – This part establishes uniform administrative rules for Federal grants, cooperative agreements, and subawards to State, local, and tribal governments at http://www.access.gpo.gov/nara/cfr/waisidx_07/44cfr13_07.html.

Additional Standards for Financial Management are provided in:

- *SF 424B for non-construction projects* at http://www.irs.gov/pub/irs-utl/liteform_424b_assurance_of_non_construction_projects.pdf and
- *SF424D for construction projects* at <http://www.acf.hhs.gov/programs/ofs/grants/sf424d.pdf>.

Ensure financial management systems for subgrantees are in place

The SAA is responsible for the proper accounting of subgrantees and should be familiar with the financial operations of its subgrantees to ensure that funds are managed and expended in compliance with PSIC Grant Program requirements. Additionally, subgrantees should follow the financial requirements imposed on them by the SAA. Subgrantees are also responsible for ensuring that grant funds are managed in compliance with the statutory and programmatic requirements of the PSIC Grant Program.

Tool
Tool 11: Financial Capability Questionnaire

Manage the Documents: Establish a Grant File

In order to be prepared to complete required reports (financial and programmatic), it is essential that grantees maintain comprehensive documentation concerning all aspects of their grant. As noted, failure to submit reports can result in funding being withheld. Thorough documentation results in complete reports and prepares grantees for PSIC program monitoring visits, internal audits, and potential Federal audits.

A best practice to ensure that a grantee is prepared for all reports and in the event of an audit is to establish a “Grant File.” A Grant File can serve as a centralized repository for all data pertaining to the grant that can ease a grantee’s ability to fulfill reporting requirements and to prepare for a Federal audit.

At the end of this step, there are tools to assist in the creation of a Grant File. The “PSIC Grant File Checklist” includes tools from other chapters in this handbook that should be completed and compiled

in the Grant File. Grantees should include as much documentation as possible in addition to the materials listed in the checklist.

Tool
Tool 12: PSIC Grant File Checklist

At a minimum, the Grant File should include a copy of the Grant Award and Special Conditions. The Grant File should also contain a copy of the preliminary grant application submitted on August 22, 2007. This application includes the SF 424 Standard Assurances. A best practice in compiling the Grant File is for the SAA to review its PSIC Application and the Standard Assurances, as all activities and projects funded under PSIC are required to comply with the Standard Assurances. In addition to the preliminary grant application, the Grant File should include a copy of the IJ, any Investment modifications and approval documentation if applicable, match documentation, reporting documents, all PSIC-related correspondence, and audit and close-out documentation.

Manage the Funds: Draw Downs and Expenditures

The SAA is responsible for managing Federal grant funds throughout the grant period of performance. The SAA should be aware of policies related to draw down and payments; obligation and expenditures; the ability of NTIA and FEMA to withhold payment; internal audit requirements; and audit requirements for subgrantees.

Draw Down and Payments

Following award and release of special conditions, the SAA can draw down and expend funds through the Payment and Reporting System. Funds are not disbursed all at once, but rather disbursed over time as project costs are incurred. It is the SAA's responsibility to distribute funds to subgrantees in accordance with the Investments in the approved IJ. When drawing down and dispersing funds, the SAA should keep in mind the CMIA requirement that programs remain interest-neutral. The SAA must develop procedures to ensure that Federal cash on hand is kept to a minimum. The SAA can receive additional assistance with this system by contacting the FEMA help desk at 1-866-927-5646 or ASK-GMD@DHS.gov.

Obligation and Expenditures

Obligations are a legal liability to pay, under a grant, subgrant, and/or contract, determinable sums for services or goods incurred during the grant period. This includes, but is not limited to, amounts of orders placed, contracts and grants awarded, services received, and similar transactions that require payment by the recipient during the same or a future period.

Restrictions on Obligations and Expenditures

There are four restrictions on obligations and expenditures of PSIC grant funds:

- Federal funds are available for obligation during the grant period of performance (October 1, 2007 – September 30, 2010);
- All PSIC grant funds must be expended by the end of the grant period (September 30, 2010);
- Due to the statutory deadline of September 30, 2010, no extensions can be granted; and
- Any funds not expended must be returned to NTIA, which is required to return the funds to the U.S. Treasury.

Monitor Subgrantees

The role of the SAA in monitoring subgrantee obligations and expenditures is described below.

- **Reviewing Financial Operations** – The SAA should be familiar with, and periodically monitor, its subgrantees' financial operations, records, systems, and procedures, specifically the maintenance of current financial data.
- **Recording Financial Activities** – The subgrantee's award or contract obligation, as well as cash advances and other financial activities, should be recorded in the SAA's records in summary form. Subgrantee expenditures should also be recorded in the grantee's records or evidenced by report forms duly filed by the subgrantee. Non-Federal contributions applied to programs or projects by subgrantees should likewise be recorded, as should any program income resulting from program operations. All financial records must validate expenditures related to the grant.
- **Budgeting and Budget Review** – The SAA should ensure that each subgrantee prepares an adequate budget on which its award commitment will be based. The details of each Investment should be maintained on file by the SAA.
- **Accounting for Non-Federal Contributions** – The SAA will ensure that the requirements, limitations, and regulations pertinent to non-Federal contributions (cash and in-kind) are applied. Cash and in-kind contributions that were applied to PSIC Investments or the PSIC II portfolio are treated the same as Federal funds. Matching funds must be documented and recorded in the general ledger of a formal financial system of the grantee and the subgrantee. Grantees must maintain adequate documentation to ensure compliance and provide evidence
- **Audit Requirements** – The SAA must ensure that subgrantees have met the necessary audit requirements contained in this handbook.

Withholding Payments

The PSIC Grant Program may withhold payments to a grantee after proper notification when the SAA demonstrates:

- Unwillingness to attain program goals;
- Reluctance to establish procedures to minimize time between draw downs and expenditures;
- Inability to adhere to program requirements or to special conditions;
- Improper award or administration of subaward;
- Inability to submit timely reports; and
- Disinclination to conform to the CMIA and retains more interest on Federal funds than allowed.

Termination

NTIA and FEMA may terminate any Investment in whole or in part if the recipient materially fails to comply with the terms and conditions of the award. NTIA and FEMA will notify the recipient in writing with the specific reason. The subgrantee will be afforded a reasonable time to respond, to remedy, or to terminate the Investment. An Investment that is terminated will still be subject to a Federal audit.

Best Practice

- Work with the chief financial officer, State auditor, certified public accountant, and other financial professionals maintaining accounting records for the grant program to ensure compliance with program requirements;
- Discuss proposed budget, matching funds provided, and establish a process for providing, documenting, and tracking grant and matching funds;
- Identify who is going to approve payment for project costs, ensure compliance with financial requirements, and prepare financial reports;
- Designate an audit liaison;
- Ensure Federal and non-Federal costs are verifiable and traceable from program files to organizational accounting systems to Federal reports;
- Identify costs, including Federal and non-Federal (match), using project cost accounting; and
- Ensure that financial management systems are in place for subgrantees through site visits or surveys.

Tool 11: Financial Capability Questionnaire

The Financial Capability Questionnaire is a tool which provides the SAA a means for gathering information about the financial capabilities of its subgrantees in order to assess their financial management systems. Include this checklist in the Grant File; see page 56 for an explanation of the Grant File.

Section A: Purpose	
<p>The financial responsibility of grantees must be such that the grantee can properly discharge the public trust, which accompanies the authority to expend public funds. Adequate accounting systems should meet the following criteria as outlined in the PSIC Grant Guidance.</p> <p>(1) Accounting records should provide information needed to adequately identify the receipt of funds under each grant awarded and the expenditure of funds for each grant.</p> <p>(2) Entries in accounting records should refer to subsidiary records and/or documentation, which support the entry and which can be readily located.</p> <p>(3) The accounting system should provide accurate and current financial reporting information.</p> <p>(4) The accounting system should be integrated with an adequate system of internal controls to safeguard the funds and assets covered, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed management policies.</p>	
Section B: Accounting System	
1. Has any Government Agency rendered an official written opinion concerning the adequacy of the accounting system for the collection, identification, and allocation of costs under Federal contracts/grants?	Yes <input type="checkbox"/> No <input type="checkbox"/>
a. If yes, provide name, and address of Agency performing review:	b. Attach a copy of the latest review and any subsequent correspondence, clearance documents, etc. Note: If review occurred within the past three years, omit questions 2-8 of this Section and Section D.
2. Which of the following best describes the accounting system:	Manual <input type="checkbox"/> Automated <input type="checkbox"/> Combination <input type="checkbox"/>
3. Does the accounting system identify the receipt and expenditure of program funds separately for each contract/grant?	Yes <input type="checkbox"/> No <input type="checkbox"/> Not Sure <input type="checkbox"/>
4. Does the accounting system provide for the recording of expenditures for each grant/contract by the component project and budget cost categories shown in the approved budget?	Yes <input type="checkbox"/> No <input type="checkbox"/> Not Sure <input type="checkbox"/>
5. Are time distribution records maintained for an employee when his/her effort can be specifically identified to a particular cost objective?	Yes <input type="checkbox"/> No <input type="checkbox"/> Not Sure <input type="checkbox"/>
6. If the organization proposes an overhead rate, does the accounting system provide for the segregation of direct and indirect expenses?	Yes <input type="checkbox"/> No <input type="checkbox"/> Not Sure <input type="checkbox"/>
7. Does the accounting/financial system include budgetary controls to preclude incurring obligations in excess of: a. Total funds available for a grant? b. Total funds available for a budget cost category (e.g., Personnel, Travel)?	Yes <input type="checkbox"/> No <input type="checkbox"/> Not Sure <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Sure <input type="checkbox"/>

8. Is the firm generally familiar with the existing regulation and guidelines containing the cost principles and procedures for the determination and allowance of costs in connection with Federal contracts/grants?	Yes <input type="checkbox"/> No <input type="checkbox"/> Not Sure <input type="checkbox"/>
Section C: Funds Control	
1. Can Federal grant/contract funds and related costs and expenses be distinctly accounted for if grant/contract funds are commingled with organization funds?	Yes <input type="checkbox"/> No <input type="checkbox"/> Not Sure <input type="checkbox"/>
Section D: Financial Statements	
1. Did an independent certified public accountant (CPA) ever examine the financial statements?	Yes <input type="checkbox"/> No <input type="checkbox"/>
2. If an independent CPA review was performed please provide this office with a copy of their latest report and any management letters issued.	Enclosed <input type="checkbox"/> N/A <input type="checkbox"/>
3. If an independent CPA was engaged to perform a review and no report was issued, please provide details and an explanation.	

Tool 12: PSIC Grant File Checklist

Create a Grant File

Establish a grant file to facilitate and to document compliance with programmatic, financial, and audit requirements. The grant file should include the documentation listed below. Some of these documents have already been completed (e.g., IJ) and can be included in this file; other documents will be completed throughout the grant period of performance (e.g., FSR, BSIR) and can be included as they become available. Note: the asterisks (*) refer to tools that were developed by the PSIC Grant Program Management office and are included throughout the handbook in the Tools Sections at the end of each chapter.

- ☐ Copy of signed Grant Award and Special Conditions
- ☐ CFDA Number (11.555) Posted to Grant File
- ☐ Contact Lists
 - ☐ [SAA Point of Contact List](#) *
 - ☐ [Investment Point of Contact List](#) *
- ☐ Copy of Application Submitted on August 22, 2007
 - ☐ SF 424, Application for Federal Assistance
 - ☐ SF 424A, Budget Information
 - ☐ SF 424B, Assurances
 - ☐ SF 424D, Assurances for Construction Projects
 - ☐ SF LLL, Disclosure of Lobbying Activities
 - ☐ Certification Regarding Debarment, Suspension, and Other Responsibility Matters
 - ☐ Certification of Non-Supplanting
- ☐ Copy of Approved Investment Justification (Including Approved Budget)
- ☐ Copy of Grant Adjustment Notice(s)
- ☐ Copy of Investment Modification(s) Approval Documentation, as needed
- ☐ [Match Documentation Checklist](#) *
- ☐ Reporting Documents
 - ☐ [Deadlines Checklist](#) *
 - ☐ Copy of Completed FSRs
 - ☐ Copy of Progress Reports [BSIR/CAPR]
- ☐ [Financial Capacity Checklist](#) *
- ☐ PSIC Related Correspondence, if applicable
- ☐ Audit and Close-Out Documentation, as available
 - ☐ [Audit Checklist](#) *
 - ☐ Audit Findings and Corrective Action Plans
 - ☐ Project Close-out Documentation

Tool 13: SAA(s) Point of Contact List

Include this completed template in the Grant File; see page 56 for an explanation of the Grant File.

SAA and SAA-Business Point of Contact

Grant Program:
Grant Amount:
Period of Performance:

SAA [Point of Contact (POC)]:	
Title:	
Address:	
City:	
State:	Zip:
Phone:	Cell Phone:
Email:	
Fax:	

SAA Business (POC):	
Title:	
Address:	
City:	
State:	Zip:
Phone:	Cell Phone:
Email:	
Fax:	

Authorized Signers	Title	Signature

Tool 14: PSIC Investment Point of Contact List

Include this completed template in the Grant File; see page 56 for an explanation of the Grant File.

PSIC Investment Points of Contact					
Investment		Point of Contact			
No.	Name	Name, Title	Address	Phone / Cell / Fax	Email

Step 7: Monitor Compliance

The list of tools below links directly to the checklists and tools introduced throughout this handbook. The PSIC Grant Management office offers these tools to help the grantee ensure program and financial compliance throughout the grant period of performance. These tools provide the SAA a means for organizing specific PSIC information and serve as a reminder for PSIC program requirements (e.g., Tool 6). The SAA is not required to complete these tools. The goal is not to burden the SAA with additional requirements, but rather to attempt to simplify some of the more complicated aspects of the PSIC Grant Program.

[Tool 1.A: Standard Forms and Assurances Checklist](#) (page 9)

[Tool 2: Financial Capacity Checklist](#) (page 14)

[Tool 3: NEPA Checklist](#) (page 19)

[Tool 4: Program Goals Checklist](#) (page 25)

[Tool 5: Ensure Project Alignment to SCIP](#) (page 26)

[Tool 6: Documentation of STR](#) (page 27)

[Tool 7: Match Requirements Checklist](#) (page 43)

[Tool 8: Reporting Deadlines](#) (obtain copies of reports) (page 49)

[Tool 9: Audit Preparation Checklist](#) (page 53)

[Tool 10: PSIC Audit Compliance Checklist](#) (page 54)

[Tool 11: Financial Capability Questionnaire](#) (page 60)

[Tool 12: PSIC Grant File Checklist](#) (page 62)

[Tool 13: SAA\(s\) Point of Contact List](#) (page 63)

[Tool 14: PSIC Investment Point of Contact List](#) (page 64)

Step 8: Manage Change – Budget and Scope Modification

Budget and Scope Modification Packet

A budget and scope modification packet was developed to provide the SAA with direction on how to request modifications to budgets and scopes for portfolio and individual Investments for the PSIC Grant Program. The SAA is required to complete this packet when requesting a change in budget and/or a change in scope.

A budget modification may be necessary when Investments require additional, or reduced, funding amounts. A scope modification may be necessary when the requirements in the approved IJ cannot be fulfilled with the existing plan or within the period of performance. The information provided will outline how the SAA can define, submit, and receive an approved budget or scope modification.

This packet contains three main sections:

- Modification Policy and Requirements
- Modification Instructions
- Modification Worksheet (not included)

Modification Policy and Requirements

Allowable Modifications

Grantees are allowed to request modifications to the IJ during the grant period of performance. Modifications may be made to individual Investments or within the approved Investment portfolio. States and Territories should minimize the number of modifications by combining requests.

A modification can entail any of the following: a budget change and/or a scope change. A written request and prior approval by NTIA and FEMA is required for modifications to the PSIC Investments for either of the two categories.

- Budget modifications that:
 - Include the transfer of funds among allowable cost categories (i.e., Acquisition, Deployment, Planning and Coordination, Training, M&A, Statewide Planning²²) that are expected to exceed ten percent of the total approved Investment budget;
 - Include the transfer of funds between approved Investments, which exceed or are expected to exceed ten percent of the total approved budget for any Investment; and
 - Impact the non-Federal minimum matching requirement.
- Scope modifications that:
 - Include a revision of interoperable communications gap being addressed with the Federal funds;
 - Include a revision to the proposed solution or a new technology approach; and
 - Include a revision of the overall objective of the Investment.

In addition to separate budget and scope modifications, the guidelines mentioned above are also applicable for scope changes that result in a budget change.

²² Statewide Planning funds that are unexpended may be transferred from the Statewide Planning cost category to another cost category.

Best Practice

For any scope or budget changes, grantees should revisit Step 3: Understanding Program Requirements and Restrictions to ensure compliance with program and financial requirements.

Limitations to Modifications

Modifications will *not* be approved for any revisions that result in:

- The need for additional funding to the Federal award;
- An Investment with unallowable costs;
- The reduction of funding to STR minimum amount;²³
- The reduction of funding to a Tier 1 UASI;²⁴
- A project that does not align with priorities in the SCIP;
- A project that is non-compliant with PSIC program requirements; and
- A project that does not advance the goals of the PSIC Grant Program.

Process for Submitting a Modification Request

1. The SAA may request a modification to the approved Investments to meet unanticipated allowable expenses and to make limited project changes.
2. The SAA must revise the same budget format (Overall Funding Summary) that was submitted with the IJ and must include a budget narrative detailing the proposed revision.
3. The subgrantee must submit modification requests to the SAA. NTIA and FEMA will *not* review modification requests that are not initiated by the SAA.
4. The SAA must have prior written approval from NTIA and FEMA before modifications can take effect.
5. NTIA and FEMA will respond to grantees within 45 days of receipt of modification request.

Reminders

Grantees are reminded that modified projects must still comply with PSIC statutory and programmatic requirements including Special Conditions (e.g., NEPA); statutory requirements (e.g., STR, matching requirement, eligible activities, allowable costs); and programmatic requirements (e.g., pass through, program goals). Grantees should review programmatic requirements before submitting the modification to ensure compliance with the PSIC program; and note that all requests for budget modifications must be submitted before incurring new or increased costs.

²³ The revised grant guidance (8/16/07) set a minimum presumptive STR funding level for each State and Territory. Unless a waiver was sought and granted at the time of the IJ approval, States and Territories must meet the minimum STR funding level or risk losing the STR funds. The State and Territory may seek a modification to the scope or technology approach of the STR solution or seek a budget modification to only meet the minimum, but no budget modifications can drop below the minimum presumptive STR funding levels.

²⁴ *PSIC Program Guidance and Application Kit*, section III. C., paragraph 2 and Table 2 – PSIC Tier 1 UASI Allocation.

Modification Instructions

The following information needs to be contained in any modification request in order to be considered by NTIA and FEMA:

1. All modifications should include:

- State/Territory, POC, POC Contact Information;
- Type of modification you are requesting (i.e., budget and/or scope change); and
- Explanation for why the budget and/or scope modification is needed (e.g., supplier fulfillment issues, solution not technically feasible, purchase alternative allowable equipment, NEPA compliance issues).

2. Budget change requests should include:

- A brief description of how the Overall Funding Summary has changed (including the amount of funds moved between categories and/or between Investments), how individual Investments have changed, and why the change is needed;
- A brief explanation of how the proposed budget change will affect the matching requirement;
- A brief explanation of how the non-Federal matching requirement will be met, if the matching requirement has increased (e.g., State cash, local cash, in-kind salaries); and
- A revised Overall Funding Summary spreadsheet.

3. Scope change requests should include:

- Investment number and Investment title affected by modification;
- A brief description and reason for the proposed change in the scope;
- Identify any changes in the jurisdictions and/or disciplines affected by the modification;
- Identify how the new scope aligns to the SCIP;
- Identify how the new scope aligns to the goals of the PSIC program (e.g., advanced technology, spectrum efficiency, cost effectiveness, and/or all hazards mitigation); and
- Identify any budget impact (follow above guidelines).

Step 9: Close-Out

Grant Close Out Reporting

Within 90 days after the end date of the period of performance (September 30, 2010), the SAA must submit required close out documents to NTIA and FEMA. The close out documents include a final FSR, BSIR, and CAPR. Please refer to Step 4: Understanding Reporting Requirements for additional information. Additionally, the SAA and all subgrantees must retain records related to the grant for at least three years from the date that the final FSR is submitted per 44 CFR Part 13. During this period, the Secretary of Commerce, the Inspector General of Commerce, FEMA, and the Comptroller General have the authority to access documents and records related to the PSIC Grant Program. The final FSR should not have unliquidated obligations and must indicate the exact balance of unobligated funds. The final CAPR and final BSIR should detail all the accomplishments throughout the lifecycle of grant.

Per the impact and outcomes defined in the State's IJ, the SAA is responsible for evaluating the Investment based on the defined measures of success at the Investment completion. This may coincide with the grant close-out, or it may occur throughout the period of performance as individual Investments are completed.

De-obligation of Unexpended Funds

All PSIC grant funds not expended by September 30, 2010 must be remitted by the grantee to FEMA GPD. The funds will then be de-obligated and returned to the U.S. Department of the Treasury.

Best Practice

Grantees should read close-out procedures outlined in 44 CFR §13.50 http://edocket.access.gpo.gov/cfr_2007/octqtr/pdf/44cfr13.50.pdf to ensure all financial reporting and program requirements are met.

Acronyms

A	AAR	After Action Report
B	BSIR	Biannual Strategy Implementation Report
C	CAPR	Categorical Assistance Progress Report
	CBRNE	Chemical, Biological, Radiological, Nuclear, and Explosive
	CFR	Code of Federal Regulations
	CMIA	Cash Management Improvement Act
	CPA	Certified Public Accountant
D	DHS	U.S. Department of Homeland Security
	DoC	Department of Commerce
E	EA	Environmental Assessment
	EIS	Environmental Impact Statement
F	FCC	Federal Communications Commission
	FEMA	Federal Emergency Management Agency
	FONSI	Finding of No Significant Impact
	FSR	Financial Status Report
G		
H	HHS	Department of Health and Human Services
	HSEEP	Homeland Security Exercise and Evaluation Program
I	IC	Interoperable communications
	IJ	Investment Justification
	IP	Improvement Plan
J		
K		
L		
M	M&A	Management and Administration
	MOU	Memorandum of Understanding
N	NEPA	National Environmental Policy Act
	NFIP	National Flood Insurance Program
	NTIA	National Telecommunications and Information Administration
O	O&M	Operations & Maintenance
	OGC	Office of General Counsel
	OMB	Office of Management and Budget

P	PEA	Programmatic Environmental Assessment
	POC	Point of Contact
	PSIC	Public Safety Interoperable Communications
R		
S	SAA	State Administrative Agency
	SCIP	Statewide Communication Interoperability Plan
	SF	Standard Form
	SOP	Standard Operating Procedure
	STR	Strategic Technology Reserve
T		
U	UASI	Urban Areas Security Initiative
V		
W		
X		
Y		
Z		

Appendix A: FEMA GPD Match Guidance

Grant Programs Directorate Grants Management Division Match Guidance

Introduction: Determining match for the purposes of submitting grant applications to any Federal Agency should be a coordinated process at the State and local level. It is highly recommended that programmatic staff at the State and local level consult with their SAA prior to submitting any grant applications especially those that identify cash or in-kind match.

Types of Match:

1. **Cash Match (hard)** includes non-Federal cash spent for project-related costs, according to the program guidance. Allowable cash match must only include those costs which are in compliance with **2 CFR Part 225, Cost Principles for State, Local, and Indian Tribal Governments** (OMB CIRCULAR A-87) and **44 CFR Part 13, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments**.
2. **In-kind Match (soft)** includes, but is not limited to, the valuation of in-kind services. “In-kind” is the value of something received or provided that does not have a cost associated with it. For example, if in-kind match (other than cash payments) is permitted, then the value of donated services could be used to comply with the match requirement. Also, third party in-kind contributions may count toward satisfying match requirements provided the grantee receiving the contributions expends them as allowable costs in compliance with **2 CFR Part 225, Cost Principles for State, Local, and Indian Tribal Governments** (OMB CIRCULAR A-87) and **44 CFR Part 13, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments**.

Definitions:

Matching or Cost Sharing means the value of the third party in-kind contributions and the portion of the costs of a Federally assisted project or program not borne by the Federal Government. All cost-sharing or matching funds claimed against a FEMA grant by State, local or Tribal governments must meet the requirements of the program guidance and/or program regulations, 44 CFR Part 13, and 2 CFR Part 225.

Cash Match (hard) includes cash spent for project-related costs under a grant agreement. Allowable cash match must include only those costs which are allowable with Federal funds in compliance with the program guidance and/or program regulations, 44 CFR Part 13, and 2 CFR Part 225.

In-kind Match (soft) means contributions of the reasonable value of property or services in lieu of cash which benefit a federally assisted project or program. This type of match may only be used if not restricted or prohibited by program statute, regulation or guidance and must be supported with source documentation. Only property or services that are in compliance with program guidance and/or program regulations, 44 CFR Part 13, and 2 CFR Part 225 are allowable.

Basic Guidelines:

1. For costs to be eligible to meet matching requirements, the costs must first be allowable under the grant program.
2. The costs must also be in compliance with all Federal requirements and regulations (i.e., 44 CFR Part 13, and 2 CFR Part 225); the costs must be reasonable, allowable, allocable, and necessary.
3. Records for all expenditures relating to cost sharing or matching must be kept in the same manner as those for the grant funds.
 - a. The following documentation is required for third-party cash and in-kind contributions: Record of donor; Dates of donation; Rates for staffing, equipment or usage, supplies, etc.; Amounts of donation; and Deposit slips for cash contributions. According to 44 CFR § 13.24, this documentation is to be held at the Applicant and/or subapplicant level.
4. Except as provided by Federal statute, a cost sharing or matching requirement may not be met by costs borne by another Federal grant.
5. The source of the match funds must be identified in the grant application.
6. Every item must be verifiable, i.e., tracked and documented.
7. Any claimed cost share expense can only be counted once.

Examples: (for additional examples of match, please contact your State finance office):

1. The EM Director has 50% of his/her salary paid from State funds and 50% paid from Federal grant funds, but he/she provides 60% effort in the Federal grant program that only pays 50% salary. The additional 10% of effort/time toward the Federal grant program can be claimed as soft match. All record keeping requirements to prove the 60% time allocation apply.
2. Non-Federally funded equipment or facilities used during exercises can be claimed as soft match, but only at the time of donation. For example, only the fair market price for the use of the facility for the period of the exercise can be claimed as match.
3. Third party in-kind – Contributions of salary, travel, equipment, supplies and other budget areas that are from third party sources must be in compliance with 44 CFR § 13.24, Matching or Cost Sharing. These types of contributions include voluntary contributions such as emergency personnel, lawyers, etc., who donate their time to a Federal grant program. The normal per hour rate for these professionals (acting in their professional capacity) can be used to meet the matching requirement. The value of the services provided is taken into consideration when determining the value of the contribution - not who is providing the service. For example, if a lawyer is volunteering his services to assist flood victims in filing legal paper work, the lawyer's normal hourly rate is allowable. If the lawyer is volunteering his services and is working in a soup kitchen, the lawyer's hourly rate would not be applicable; it would be the hourly rate for a soup kitchen worker.

Governing Provisions:**44 CFR Part 13, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments**

- **Reference 44 CFR § 13.24, Matching or cost sharing**

2 CFR Part 225, Cost Principles for State, Local, and Indian Tribal Governments (OMB CIRCULAR A-87)**Program Guidance and/or Program Regulations****44 CFR Part 13, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments**

44 CFR § 13.24 Matching or Cost Sharing.

(a) Basic rule: Costs and contributions acceptable. With the qualifications and exceptions listed in paragraph (b) of this section, a matching or cost sharing requirement may be satisfied by either or both of the following:

- (1) Allowable costs incurred by the grantee, subgrantee or a cost-type contractor under the assistance agreement. This includes allowable costs borne by non-Federal grants or by others cash donations from non-Federal third parties.
- (2) The value of third party in-kind contributions applicable to the period to which the cost sharing or matching requirements applies.

(b) Qualifications and exceptions:

- (1) Costs borne by other Federal grant agreements. Except as provided by Federal statute, a cost sharing or matching requirement may not be met by costs borne by another Federal grant. This prohibition does not apply to income earned by a grantee or subgrantee from a contract awarded under another Federal grant.
- (2) General revenue sharing. For the purpose of this section, general revenue sharing funds distributed under 31 U.S.C. 6702 are not considered Federal grant funds.
- (3) Cost or contributions counted towards other Federal costs-sharing requirements. Neither costs nor the values of third party in-kind contributions may count towards satisfying a cost sharing or matching requirement of a grant agreement if they have been or will be counted towards satisfying a cost sharing or matching requirement of another Federal grant agreement, a Federal procurement contract, or any other award of Federal funds.
- (4) Costs financed by program income. Costs financed by program income, as defined in § 13.25, shall not count towards satisfying a cost sharing or matching requirement unless they are expressly permitted in the terms of the assistance agreement. (This use of general program income is described in § 13.25 (g).
- (5) Services or property financed by income earned by contractors. Contractors under a grant may earn income from the activities carried out under the contract in addition to the amounts earned from the party awarding the contract. No costs of services or property supported by this

income may count toward satisfying a cost sharing or matching requirement unless other provisions of the grant agreement expressly permit this kind of income to be used to meet the requirement.

(6) Records. Costs and third party in kind contributions counting towards satisfying a cost sharing or matching requirement must be verifiable from the records of grantees and subgrantees or cost- type contractors. These records must show how the value placed on third party in-kind contributions was derived. To the extent feasible, volunteer services will be supported by the same methods that the organization uses to support the allocability of regular personnel costs.

(7) Special standards for third party in kind contributions.

(i) Third party in kind contributions count towards satisfying a cost sharing or matching requirement only where, if the party receiving the contributions were to pay for them, the payments would be allowable costs.

(ii) Some third party in-kind contributions are goods and services that, if the grantee, subgrantee, or contractor receiving the contribution had to pay for them, the payments would have been an indirect costs. Costs sharing or matching credit for such contributions shall be given only if the grantee, subgrantee, or contractor has established, along with its regular indirect cost rate, a special rate for allocating to individual projects or programs the value of the contributions.

(iii) A third party in-kind contribution to a fixed-price contract may count towards satisfying a cost sharing or matching requirement only if it results in:

(A) An increase in the services or property provided under the contract (without additional cost to the grantee or subgrantee) or

(B) A cost savings to the grantee or subgrantee.

(iv) The values placed on third party in kind contributions for cost sharing or matching purposes will conform to the rules in the succeeding sections of this part. If a third party in-kind contribution is a type not treated in those sections, the value placed upon it shall be fair and reasonable.

(c) Valuation of donated services:

(1) Volunteer services. Unpaid services provided to a grantee or subgrantee by individuals will be valued at rates consistent with those ordinarily paid for similar work in the grantee's or subgrantee's organization. If the grantee or subgrantee does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work in the same labor market. In either case, a reasonable amount for fringe benefits may be included in the valuation.

(2) Employees of other organizations. When an employer other than a grantee, subgrantee, or cost-type contractor furnishes free of charge the services of an employee in the employee's normal line of work, the services will be valued at the employee's regular rate of pay exclusive of the employee's fringe benefits and overhead costs. If the services are in a different line of work, paragraph(c)(1) of this section applies.

(d) Valuation of third party donated supplies and loaned equipment or space:

- (1) If a third party donates supplies, the contribution will be valued at the market value of the supplies at the time of donation.
- (2) If a third party donates the use of equipment or space in a building but retains title, the contribution will be valued at the fair rental rate of the equipment or space.

(e) Valuation of third party donated equipment, buildings, and land. If a third party donates equipment, buildings, or land, and title passes to a grantee or subgrantee, the treatment of the donated property will depend upon the purpose of the grant or subgrant, as follows:

- (1) Awards for capital expenditures. If the purpose of the grant or subgrant is to assist the grantee or subgrantee in the acquisition of property, the market value of that property at the time of donation may be counted as cost sharing or matching,
- (2) Other awards. If assisting in the acquisition of property is not the purpose of the grant or subgrant, paragraphs (e)(2) (i) and (ii) of this section apply:
 - (i) If approval is obtained from the awarding agency, the market value at the time of donation of the donated equipment or buildings and the fair rental rate of the donated land may be counted as cost sharing or matching. In the case of a subgrant, the terms of the grant agreement may require that the approval be obtained from the Federal agency as well as the grantee. In all cases, the approval may be given only if a purchase of the equipment or rental of the land would be approved as an allowable direct cost. If any part of the donated property was acquired with Federal funds, only the non- Federal share of the property may be counted as cost sharing or matching.
 - (ii) If approval is not obtained under paragraph (e)(2)(i) of this section, no amount may be counted for donated land, and only depreciation or use allowances may be counted for donated equipment and buildings. The depreciation or use allowances for this property are not treated as third party in-kind contributions. Instead, they are treated as costs incurred by the grantee or subgrantee. They are computed and allocated (usually as indirect costs) in accordance with the cost principles specified in § 13.22, in the same way as depreciation or use allowances for purchased equipment and buildings. The amount of depreciation or use allowances for donated equipment and buildings is based on the property's market value at the time it was donated.

(f) Valuation of grantee or subgrantee donated real property for construction/ acquisition. If a grantee or subgrantee donates real property for a construction or facilities acquisition project, the current market value of that property may be counted as cost sharing or matching. If any part of the donated property was acquired with Federal funds, only the non-Federal share of the property may be counted as cost sharing or matching.

(g) Appraisal of real property. In some cases under paragraphs (d), (e) and (f) of this section, it will be necessary to establish the market value of land or a building or the fair rental rate of land or of space in a building. In these cases, the Federal agency may require the market value or fair rental value be set by an independent appraiser, and that the value or rate be certified by the grantee. This requirement will also be imposed by the grantee on subgrantees.

2 CFR Part 225, Cost Principles for State, Local, and Indian Tribal Governments (OMB CIRCULAR A-87)

Basic Guidelines

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
- b. Be allocable to Federal awards under the provisions of 2 CFR part 225.
- c. Be authorized or not prohibited under State or local laws or regulations.
- d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
- e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
- f. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- g. Except as otherwise provided for in 2 CFR part 225, be determined in accordance with generally accepted accounting principles.
- h. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
- i. Be the net of all applicable credits.
- j. Be adequately documented.

2. Reasonable costs. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when governmental units or components are predominately federally-funded. In determining reasonableness of a given cost, consideration shall be given to:

- a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit or the performance of the Federal award.
- b. The restraints or requirements imposed by such factors as: Sound business practices; arm's-length bargaining; Federal, State and other laws and regulations; and, terms and conditions of the Federal award.
- c. Market prices for comparable goods or services.
- d. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the governmental unit, its employees, the public at large, and the Federal Government.
- e. Significant deviations from the established practices of the governmental unit which may unjustifiably increase the Federal award's cost.

3. Allocable costs.

- a. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.

- b. All activities which benefit from the governmental unit's indirect cost, including unallowable activities and services donated to the governmental unit by third parties, will receive an appropriate allocation of indirect costs.
- c. Any cost allocable to a particular Federal award or cost objective under the principles provided for in 2 CFR part 225 may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the Federal awards, or for other reasons.
- d. Where an accumulation of indirect costs will ultimately result in charges to a Federal award, a cost allocation plan will be required as described in Appendices C, D, and E to this part.

4. Applicable credits.

- a. Applicable credits refer to those receipts or reduction of expenditure-type transactions that offset or reduce expense items allocable to Federal awards as direct or indirect costs. Examples of such transactions are: Purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the governmental unit relate to allowable costs, they shall be credited to the Federal award either as a cost reduction or cash refund, as appropriate.
- b. In some instances, the amounts received from the Federal Government to finance activities or service operations of the governmental unit should be treated as applicable credits. Specifically, the concept of netting such credit items (including any amounts used to meet cost sharing or matching requirements) should be recognized in determining the rates or amounts to be charged to Federal awards. (See Appendix B to this part, item 11, "Depreciation and use allowances," for areas of potential application in the matter of Federal financing of activities.)

Appendix B: PSIC Supplement to FEMA Match Guidance



Public Safety Interoperable Communications Grant Program Supplement to Federal Emergency Management Agency Grants Management Division Match Guidance



Introduction: On February 12, 2009 the Federal Emergency Management Agency (FEMA) Grant Programs Directorate Grants Management Division (GMD) released a document providing guidance for FEMA staff and FEMA grantees on allowable cash match and in-kind match contributions. This match guidance is in compliance with both Department of Homeland Security regulations (44 CFR Part 13) and Department of Commerce regulations (15 CFR Part 24), as well as 2 CFR Part 225 (OMB Circular A-87) as it pertains to allowable cost categories. In addition to the GMD Match Guidance, the Public Safety Interoperable Communications (PSIC) grantees should refer to this Supplement that provides information on PSIC-specific statutory and programmatic match requirements.

Overview of PSIC Statutory and Programmatic Match Requirements:

- PSIC grant funds awarded represent 80% of the total project costs associated with Management and Administration (M&A), Acquisition, and Deployment categories. PSIC grantees must provide 20% non-Federal match on the total project costs for these cost categories.
- Grantees are not required to match costs associated with Statewide Planning, Training, and Planning and Coordination.
- In order for match to be eligible, it must be provided during the grant period of performance (October 1, 2007 through September 30, 2010).
- Matching funds must be associated with PSIC Investments and allowable under the grant program.
- Grantees must provide non-Federal matching funds in proportion to the drawdown of Federal funds.
- Match can be met at the Investment level, the State/Territory level, or a combination of both, as long as the minimum match requirement for the State or Territory is met.
- Per 48 U.S.C. § 1469a, if a Territory's matching requirement is \$200,000 or less, the Territory has no matching requirement. If the matching requirement is more than \$200,000, the affected Territory is exempt from the first \$200,000 of the matching requirement and is responsible for providing match above and beyond the \$200,000.

Variances between PSIC Statutory and Programmatic Match Requirements and the GMD Match Guidance:

- **Costs incurred by cost-type contractors.** Allowable costs incurred by cost-type contractors are not an allowable in-kind match under PSIC – variance with 44 CFR § 13.24 (a)(1).
- **Program income.** Program income earned by a grantee or subgrantee from a contract awarded under another Federal grant program is not an allowable source for matching funds under PSIC – clarification on 44 CFR § 13.24 (b)(1).
- **Indirect costs.** Indirect costs are not an allowable source for match under PSIC – clarification on 44 CFR § 13.24 (b)(7)(ii).
- **Subscriber fees.** Subscriber fees are an additional type of third party in-kind contribution that can count towards match – addition to 44 CFR § 13.24 (b)(7).

- **Treatment of property – Title transfers.** With prior approval, property can be used for PSIC match under the following conditions: All property must be related to the PSIC Investment. If a piece of land is donated and the title is transferred to the grantee, the land is valued at fair market value. If a piece of land is donated and the title remains with the third party, the land is valued at the fair rental rate – new distinction for PSIC grantees per 44 CFR § 13.24 (e)(1).
- **Treatment of property – Approval.** Since the acquisition of property is not the purpose of PSIC, grantees are required to get prior approval to use property as an in-kind match –new distinction for PSIC grantees per 44 CFR § 13.24 (e)(2).
- **Treatment of property – Appraisal.** Grantees may be required to hire an independent appraiser to assess the market value of land or a building or the fair rental rate of land or of space in a building – new distinction for PSIC grantees per 44 CFR § 13.24 (g).
- **Discounts and Rebates.** Purchase discounts, rebates, or allowances are not eligible to be used towards match – new distinction for PSIC grantees per 2 CFR Part 225.